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## NEWS SUMMARY

### GENERAL

#### Botha refuses to resign

P. W. Botha, the South African Prime Minister, refused to resign in the face of allegations that he and members of his Cabinet knew of secret activities of the former Department of Information.

John Vorster, State President, accused Dr. Eschel Rhoodie, former Secretary for Information, who is in hiding in France, of attempting to destroy South African Government by making disclosures on BBC television.

Botha said he had never denied the existence of secret funds but he had denied that any member of his Cabinet was aware of irregularities in the Information Department or of the State funding of the Government newspaper. The Citizen. If either of the allegations were proved, he had offered to resign. Back Page

#### Herstatt trial

Six men go on trial in Cologne today accused of causing the collapse more than four years ago of Herstatt Bank, with losses of more than DM 1.2bn (£316m) badly shaking the banking world and prompting significant reforms by West German authorities. Back Page 3

#### Kidnap victim

Salvador police mounted an intense search for the two kidnapped British bankers and a Japanese businessman, after the body of another kidnap victim, Salvadorean coffee merchant, was found in a city. A communique from the extreme Left-wing kidnappers was found with the body but its contents have not been released. Page 6

#### Medic quits

Dennis Elliott, the senior medical officer at the Royal Ulster Constabulary interrogation centre in Armagh, has resigned saying the medical profession's integrity had been put in jeopardy by the rejection by the RUC of the Bennett Report which found that some prisoners had been injured while in police custody.

#### Bhutto decision

Pakistan's Supreme Court will deliver its final decision tomorrow on the fate of Mr. Bhutto, the condemned former Prime Minister — one day after the country's armed forces celebrate Pakistan Day. Page 4

#### Desai apologises

Morarji Desai, Indian Prime Minister, apologised in Parliament for an incorrect announcement earlier in the day that the elder statesman Jayaprakash Narayan, had died.

#### Racer dies

Jack Grainey, 40, injured in Saturday's accident at Golborne Speedway near Wigan, died in a Manchester hospital, bringing the death toll to five.

#### Jews fears

World Jewish leaders expressed concern at a congress in Geneva over neo-Nazi and anti-semitic groups in Western Europe had started building up arsenals of weapons.

#### Briefly . . .

Walter Legge, husband of soprano Elizabeth Schwarzkopf and founder of the Philharmonia Orchestra in London in 1945, died at his home in the south of France, aged 62.

Thieves stole silverware and paintings worth £30,000 when they broke into actor Kenneth More's Chelsea flat.

Johannesburg man who admitted shooting a policeman told a court: "It tasted terrible."

### BUSINESS

#### Equities fall 1.2; silver up sharply

● EQUITIES lost early gains on profit-taking and political uncertainty and the FT ordinary index closed 1.2 down at 514.6.

● GILTS lost early gains following doubts over the new Government stock issue and the disappointing money supply figures. The no-confidence motion, however, cut losses to around ¼. The FT Government Securities index fell 0.25 to 72.29.

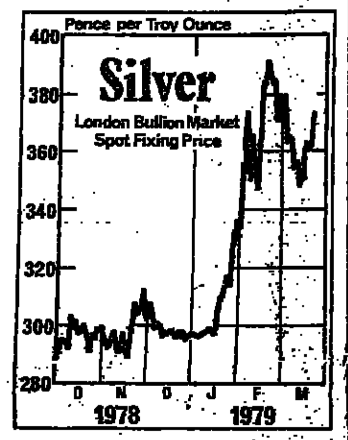
● STERLING closed at $2.0335, a rise of 20 points. Its trade-weighted index remaining at 64.9 for the second day.

● DOLLAR was generally weaker and its depreciation widened to 8.7 per cent (8.5).

● GOLD rose $1½ to $242¾ in London, while in New York the Comex March settlement was $241.70 ($242.60).

● WALL STREET was 4.51 higher at 862.27 near the close.

● SILVER rose sharply on the London bullion market to close at 372.9p a troy ounce, up 10.4p.




● MIDLAND BANK is to increase its authorised share capital by £80m to £230m. Page 28

● EUROPEAN Commissioner for Industry has called for a major EEC initiative to prevent European industry falling under U.S. and Japanese domination in the electronic age. Back and Page 8; Editorial comment Page 24

● HIGH COURT has allowed the 50,000-strong National Federation of Small Businessmen to challenge the legality of the Inland Revenue to offer of a tax amnesty to about 5,000 casual workers in Fleet Street newspapers. Page 10

● CIVIL SERVANTS protesting against the suspension of 39 clerical staff in Scotland plan to step up their strike action a further 14 staff are suspended today. Page 11

● EXPORTS of Scottish tweeds and woollens totalled a record £32m last year, up 4 per cent on a year ago, and comprised more than 50 per cent of the industry's output of 15.22m square metres. Page 10

#### COMPANIES

● STONE-PLATT Industries taxable profits fell sharply from £14.8m to £9.51m last year on sales of £192.8m (£178), mainly due to continuing recession in the textile and shipbuilding industries. Page 26

● C. T. BOWRING pre-tax profits rose to £37.7m last year, against £32.76m a year ago, on a turnover of £1.28bn (£1.09bn). Profits from insurances activities rose 10 per cent. Page 26 and Lex

● MOBIL OIL has made a $765m (£375m) bid for General Crude Oil, a Houston-based petroleum exploration and development subsidiary of International Paper. Page 33

● TARA EXPLORATIONS, the mainly Canadian-owned concern mining lead and zinc in Ireland, had a £6.7m pre-tax loss for its first year. Page 32

#### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| | | |
|---|---|---|
| **RISES:** | | |
| M.A. | 83 | + 6 |
| er (C. H.) | 83 | + 4 |
| way | 100 | + 5 |
| sey & Hawkes | 181 | + 7 |
| en (J.) | 535 | + 10 |
| ton A. | 252 | + 12 |
| Offices | 90 | + 4 |
| | 136 | + 6 |
| izon Midlands | 188 | + 6 |
| erpool Daily Post | 136 | + 11 |
| thews (B.) | 232 | + 9 |
| is & Allen | 263 | + 8 |
| rgan Edwards | 92 | + 4 |
| lips' Lamps | 755 | + 17 |
| thin's | 142 | + 10 |
| sh & Tomkins | 134 | + 8 |
| nuel (H.) | 209 | + 7 |
| Scot. & New. Brews. | 83 | + 3 |
| Simon Eng. | 320 | + 10 |
| Stenhouse | 103 | + 5 |
| Sunbeam Wolsey | 51 | + 5 |
| Weir Group | 113 | + 8 |
| Whitecroft | 130 | + 9 |
| Williams & James | 178 | + 11 |
| Cons. Gold Fields | 223 | + 5 |
| Messina | 90 | + 8 |
| **FALLS:** | | |
| Treas. 13¼% 1997 £107¾ | | — ¼ |
| Glaxo | 557 | — 10 |
| Rockware | 112 | — 10 |
| Saga Holidays | 220 | — 22 |
| Sime Darby | 89 | — 4 |
| Tube Invs. | 406 | — 12 |
| Yorkshire Chemicals | 74 | — 6 |
| Highlands | 109 | — 6 |
| Berjuntal | 230 | — 15 |
| Cultus Pacific | 30 | — 5 |

## SNP to support Tory no-confidence motion

# Chances of spring election harden

**By RICHARD EVANS, LOBBY EDITOR**

THE ODDS on a spring General Election shortened dramatically last night when the Conservative tabled a motion of no confidence in the Government, in the knowledge that they had the backing of the Liberals and the Scottish Nationalists.

The motion will have to be debated in the Commons next week, probably on Wednesday, and present indications are that the Opposition parties have a definite chance of victory.

Wht appears certain is that Mr. James Callaghan's chances of retaining power until the autumn now look remote and he will be lucky if he can choose the option of June 7 as an election date. If he loses the vote next week, polling day would be either April 26 or May 10, with local elections taking place on the intervening Thursday.

Mrs. Margaret Thatcher, the Conservative Leader, tabled the motion of no confidence as soon as she saw a prospect of victory, after the Prime Minister's statement to the Commons and Ministerial broadcast outlining his intentions on devolution.

The 11 Scottish National Party MPs tabled their own motion of no confidence in the Government imediately after the Prime Minister's statement, which they regarded as totally unsatisfactory.

Mr. Callaghan had called for talks with all parties on the future of devolution, before holding a vote on the Order annulling the Scotland Act by the end of April.

But this formula, confirmed by the Cabinet yesterday, was not sufficient for the SNP to retract the threat of pressing for a General Election should the Government fail to arrange an early debate and vote on the referendum result.

There remains a question mark over the result of next week's critical debate, a surprise decision by the three Plaid Cymru MPs to give the Government three week's grace.

They welcomed a last-minute promise from the Government of legislation on compensation for slate quarrymen suffering from dust-related lung diseases, but it was unclear whether they would vote with the Government, or abstain, on a motion of no confidence.

The Commons arithmetic is so delicately balanced that such a calculation could becritical.

The Liberals, although willing to take part in talks with the Government on devolution, confirmed their intention of voting with the Conservatives on a censure motion, and the Government's fate could therefore depend on the 12 Northern Ireland MPs.

The signs are not good for Mr. Callaghan. The two who usually support the Government, Mr. Gerry Fitt and Mr. Frank Maguire, are expected to abstain in protest at plans to increase the number of Northern Ireland MPs.

Five of the rest seem certain to vote with the Conservatives, and the remaining five are torn between backing the Tories or abstaining. They will meet next week to decide.

It seems unlikely that any, even Mr. Enoch Powell, who remains implacably opposed to the election of a Tory Government, will support Mr. Callaghan.

Such a division would probably give the opposition a majority of two or three, and Mr. Callaghan's fate would be sealed. A defeat in the Commons would come as a savage blow to the Prime Minister's electoral hopes.

Mr. Callaghan's strategy has been aimed at retaining power for as long as possible in order to distance himself from the damaging effects of the winter of industrial unrest.

To do this it was essential for him to survive into the Easter recess, and be able to choose the option of June 7, or possibly even soldier on into October. The issue of devolution, which has dogged the Government's fortunes over the last three years, appears to have brought an end to that.

In the latest opinion polls the Conservatives are well ahead of Labour, and Mrs. Thatcher would start a General Election campaign as a hot favourite to enter 10 Downing Street as Britain's first woman Prime Minister.

Parliament Page 12 ● Editorial comment Page 24 ● Politics Today Page 25

# Shot envoy: IRA may be responsible

**BY GILES MERRITT AND CHARLES BATCHELOR IN THE HAGUE**

POLICE throughout Europe were searching last night for the killers of the British Ambassador to The Hague, Sir Richard Sykes, and an Embassy footman. There was strong speculation that this may be the first known IRA killing outside Britain and Ireland.

Dutch security services said that the two men who shot the Ambassador and the footman just outside the official residency left few clues. Witnesses asy that the men—aged 35 to 40—disappeared into the rush-hour crowds.

Sir Richard, aged 58, was about to step into his Rolls-Royce at about 9 am to be driven to the Embassy half a mile away when the gunmen fired at close range four shots from a long-barrelled revolver.

The Ambassador slumped forward into the car with serious head injuries. "The chauffeur showed great presence of mind and drove off," police said. Sir Richard died two hours later.

Mr. Karel Straub, aged 19, who was holding the car dor open for the Ambassador, also died in the shooting.

The shooting was witnessed by Miss Alison Bailes, an assistant of the former Trade Secretary Mr. Edmund Dell, who stayed with the Ambassador the previous night. She was on the back seat of the car when the attack took place.

Mr. Dell, who was in The Hague as one of a three-man committee appointed by the European Economic Community to study ways of improving the workings of the Common Market, had left the residence before the murder.

The police and Embassy officials said there had been no warning and no one had admitted to the killings.

The Foreign Ministry said no extra guard had ben placed on Sir Richard as it had not appeared necessary. No such request had been received from the British Government.

Sir Richard, as a former Foreign Office Deputy Under-Secretary whose responsibilities encompassed relations with the Irish Republic, flew to Dublin in July, 1976, after the Provisional IRA murdered Mr. Christopher Ewart-Biggs, the British Ambassador there. But it is not thought likely that in consequence the IRA would have named Sir Richard as a target.

In the absence of any clear-cut leads from the Dutch police, the more probable theory being examined by the Netherlands and British Governments is that Sir Richard was selected by IRA activists because The Hague would be considered a relatively safe city for such an attack.

Sir Richard Sykes

Sir Richard took up his post in The Hague in June, 1977, after postings in Washington, Havana, Peking and London. He leaves a widow, two sons, aged 24 and 22, and a daughter, aged 21.

Mr. Hans Wiegel, Deputy Prime Minister, said in Parliament that the Dutch Government was shocked at what had happened. He paid tribute to Sir Richard's work in maintaining good relations between the British and Dutch Governments.

Irish Republican extremists have in the past held meeting in the Netherlands and in 1976 Ulster Protestant Loyalists also took part in talks here.

**Stewart Dalby adds from Dublin:** Although the Provisional IRA have not admitted responsibility, an assassination of this kind in a European capital, would be in line with what the security forces and senior police officials in Belfast believe to be the direction of the IRA campaign.

In Belfast recently officials said they were convinced that the IRA had "sleepers" in European capitals particularly in Amsterdam and Brussels. The IRA regards these cities as easier for terrorists to operate in than Paris or West German cities.

**£ in New York**

| — | March 21 | Previous |
|---|---|---|
| Spot | $2.0395-0405 | $2.0350-0370 |
| 1 month | 0.49-0.44 dis | 0.38-0.33 dis |
| 3 months | 0.89-0.84 dis | 0.71-0.66 dis |
| 12 months | 2.35-2.15 dis | 2.45-2.25 dis |

# Sale of gilts by tender a first-time success

**BY PETER RIDDELL, ECONOMICS CORRESPONDENT**

THE GOVERNMENT yesterday tied up the financing of its borrowing needs for the next two months following the success of the first sale by tender of gilt-edged stock. Only about £100m of the £800m stock on offer appears to be left.

Tenders closed a few hours before the announcement of a 1.1 per cent growth in Sterling M3, the broadly defined money supply, in the month to mid-February — reflecting the buoyancy of bank lending.

A near sell-out of the offer is suggested by the announcement by the Bank of England that, although the issue was not fully subscribed, the stock will not operate as a formal tap. This usually applies when about £100m or less of stock is left.

All tenders have been allotted in full at the minimum price of £97.50 per cent, of which £40 per cent was payable yesterday with the balance on May 2.

Even though the new stock was yielding more than comparable issues, the offer was not fully subscribed because the gilt market became nervous overnight in response to uncertainties about the political situation. Indeed, there were reports of withdrawals of tenders in the morning.

There were also suggestions that two large jobbing firms had submitted sizeable applications. This, together with the overhang of unsold stock, the money supply figures, and further political uncertainty depressed gilt prices.

The near sell-out of the stock means that between mid-February and mid-May gross sales of more than £2bn will have been made.

This follows net sales of gilt-edged stock of £924m to the non-bank private sector in the month to mid-February.

However, a sharp growth in bank lending resulted in a rapid expansion of domestic credit (£1.07bn) and an increase of £538m, or 1.1 per cent, in the month in sterling M3.

In the first four months of the latest target period to October, sterling M3 has grown by 5 per cent, or at an annual rate of 15½ per cent. This compares with a target range of 8 to 12 per cent. Over the last 12 months sterling M3 has risen by 12.3 per cent.

Sterling lending to the private sector last month rose by £1bn, compared with a recent monthly growth of about £400m. About £150m of the gap may be explained by the unwinding of some of the effects of the corset controls on the banks.

The Bank itself suggested that some of the large increase in bank lending may reflect distortions in the normal patterns of trade receipts and payments as a result of the recent industrial disputes.

This makes it difficult to assess the underlying level of bank lending at present, together with uncertainties ahead of the Budget explains why the Bank wants to maintain interest rate stability for the time being. This was again signalled by loans to the discount market at Minimum Lending Rate for a week.

The authorities believe that the published money supply figures may be overstating the growth of sterling M3, not only because of the special influences boosting bank lending but also because of the redemption of about £150m of Certificates of Tax Deposit. The heavy sales of such certificates—essentially investments for taxpayers—resulted in a possible understatement of the growth of the money supply earlier this financial year.

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Sharp rise in $ CD issues, Page 33

# Five-year peak for copper

**By John Edwards, Commodities Editor**

**COPPER PRICES jumped to their highest level for five years on the London Metal Exchange yesterday amid fears of further shortages. In the U.S., a leading producer, Asarco, upped its domestic selling price for copper to an all-time peak of $1.02 cents a pound — a rise of 5 cents.**

**In London the cash wire-bars price, up £32 to £1,054.5 a tonne, is still well below the peak — almost £1,400 — of April 1974. But the market has risen by nearly £100 in the past week, and dealers predict higher prices**

**Yesterday's rise is put down to reduced supplies from Peru, caused by strikes at two leading copper mines, fears that a stoppage could halt the large Canadian Copper Refinery, owned by Noranda, and rumours of further cuts in supplies from Africa.**

Details Page 41

# Fraser rejects bid for SUITS

**BY ANDREW TAYLOR**

SIR HUGH FRASER, deputy chairman of Scottish and Universal Investments, yesterday joined his fellow directors in rejecting Lonrho's latest take-over offer for the group. Eleven months ago he had strongly supported Lonrho's earlier attempt to acquire SUITS.

Then the independent SUITS directors—the Board also contains Lonrho nominees — were sharply divided, with three directors led by Mr. Hugh Laughland, the chief executive, opposing Llonrho's bid and Sir Hugh and Mr. James Gossman supporting the offer.

Now Sir Hugh and Mr. Gossman have joined their fellow independent directors in rejecting the latest cash and share offer, which values SUITS at just over £56m.

Mr. Paul Spicer, a Lonrho director, said last night: "We have not spoken to Sir Hugh since our offer was announced on Monday so we are not in a position to comment."

The first meeting between Sir Hugh and Mr. Tiny Rowland, Lonrho's chief executive, since the latest bid could take place today when the House of Fraser Board is due to meet. Sir Hugh is chairman and Mr. Rowland deputy non-executive chairman of House of Fraser, which owns the Harrods department store.

The relationship between the two men appears to have become strained since Lonrho made its all share offer last April, valuing SUITS at about £39m. In 1977 Lonrho paid Sir Hugh £7m cash to acquire his 24 per cent stake in SUITS.

Sir Hugh is understood to be particularly concerned at Lonrho's relationship with House of Fraser. Lonrho's 19 per cent stake in House of Fraser would be lifted to just under 30 per cent if the group acquired SUITS.

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## CONTENTS



For latest Share Index 'phone 01-246 8026

PAY REVOLTS BREAK OUT ACROSS EUROPE

# Thousands to march in Paris steel protest

BY DAVID WHITE IN PARIS

TENS OF thousands of French steel workers and union sympathisers will assemble this morning on the outskirts of Paris for a potentially explosive march through the centre.

Police organisations yesterday called for "the utmost vigilance" to stop *agents provocateurs* from interfering with the protest being organised by the biggest trade union, the Communist-led CGT.

M. Georges Seguy, the union's leader, said he hoped the march would put pressure on the Government and steel employers to relax their positions in forthcoming talks on the 21,000-plus redundancies planned in French steel works. Other trade unionists have accused the CGT of trying to exploit the steel dispute for political ends.

Workers from the north and Lorraine, the two regions worst hit by the cutbacks, and the other steel-making areas of central and southern France were gathering in Paris yesterday.

French railways laid on six special trains and over 500 coaches were chartered to take demonstrators to their meeting points where they will be joined by Parisian sympathisers.

The main demonstration is due to take place in the afternoon between Place de la Republique and Place de l'Opera along the central Paris boulevards.

France's other main union organisations have withheld their support for the march, although some of their branches have insisted on taking part. They include workers from the Lorraine steel town of Longwy, where there was violent rioting two weeks ago.

Both the main Parliamentary Opposition parties, the Communists and Socialists have given their backing. They are seeking to demonstrate their electoral support before the second round of cantonal elections on Sunday.

As a result, the march has produced friction, not only between the rival unions but also between the second biggest union, the CFDT, and the Socialist Party, with which it is normally applied.

M. Edmond Maire, the CFDT leader, hit out earlier this week at the Socialists for "supporting the Communists' attempt to take over leadership of the workers' movement."

M. Francois Mitterrand, the Socialist leader, parried the attack yesterday by accusing the union chief of "meddling" in the Party's business.

The other main unions, the politically-moderate Force Ouvrière and the independent teachers' union, the FEN, are following the CFDT in not supporting the strike at national level. But militants from all three have said they will take part.

# Irish unions issue ultimatum over PAYE tax reform

BY STEWART DALBY IN DUBLIN

TOP GOVERNMENT officials held a first round of talks with the Federated Union of Employers about arriving at a new "national understanding" on wages and incomes for Ireland yesterday. Meanwhile, the country's trade union leaders have issued an ultimatum to the Government to come up with a plan for tax reform by April 30 or face further industrial action.

The challenge came after thousands marched through Dublin on Monday in what almost amounted to a general strike in the country's capital.

The date of April 30 is significant since the Dublin Council of Trade Unions has already said it plans another demonstration in Dublin on May Day.

Also on April 30, the Irish Congress of Trade Unions (ICTU), whose 80 affiliated unions cover nearly 70 per cent of the industrial and public sector workforce, will hold a special delegate conference to decide what industrial action will be taken.

The march and the strikes are protests at PAYE tax rates which are considered too high, while the country's farmers pay virtually nothing. Union leaders want lower rates for PAYE, particularly for the lower-paid workers.

The Government has so far given no indication that it will bring in tax reforms. Mr. Jack Lynch, the Prime Minister, has merely said that he will not anticipate the outcome of the current talks with employers and unions.

However, answering questions in the Dail (parliament), he agreed that it was unfair for one section of the community to bear a disproportionate share of the tax load. This was seen as a reference to the farmers paying so little. They account for 18 per cent of national output but only contribute 2 per cent of the tax bill.

The Government will clearly be stressing in its talks with union leaders and employers that it has tried to increase the farmers' taxation. It only rescinded a 2 per cent levy on most of agricultural goods imposed in February's budget because the main farming organisations have agreed to come up with a fair system of taxation by May 1.

Whether this assurance will be enough to mollify union leaders remains to be seen. For the first time in a decade the country does not have a national wage pact. In the past, these pacts have linked wage increases to the level of inflation. In 1978, for example, 10 per cent average increases were agreed and proved to be the average in actual settlements.

The Government has stressed that if its ambitious target of 6 per cent growth in GNP and the reduction of unemployment by 20,000 are not to be jeopardised, then single-figure wage increases will have to be the rule.

Many public-sector employees have been demanding wage increases far in excess of single figures. Post Office workers, who have now been on strike for three weeks, are asking for increases of over 31 per cent.

# Wide disruption in Denmark

BY HILARY BARNES IN COPENHAGEN

ABOUT 15,000 public sector employees demonstrated outside the Folketing (Parliament) yesterday against the Government's decision to impose a two-year wage settlement by statute. A demonstration organised by left-wing shop stewards earlier in the day, however, only attracted a few hundred people.

Ferry services, bus services, and the Copenhagen central telephone exchange were affected by work stoppages, shipyards were brought to a halt and the main Copenhagen newspapers will not appear tomorrow because of a strike by printing workers.

The public sector employees — ranging from graduate teachers earning over DKr 150,000 (£15,000) a year to postal workers and telephone operators with salaries of around DKr. 75,000—are especially angry because their pay increased less than did private sector wages during the last collective agreement.

In the Folketing, the Bills imposing the wage settlements in the private and public sectors received their first reading. The Government is assured of a majority.

Meanwhile, the Federation of Industries is claiming that the private sector wage settlement will lead to increases in wage costs of about 10 per cent a year.

The federation says the balance of payments deficit will rise from DKr 7.6bn (£723m) last year to about DKr 9bn (£857m) in 1979 with a risk that it will increase to DKr 11bn in 1980

Dr. Otmar Emminger

# Bundesbank 'can halt currency intervention'

By Jonathan Carr in Bonn

THE BUNDESBANK retains the power temporarily to suspend currency market intervention in cases of extreme emergency, despite the obligations of the European Monetary System (EMS).

The point is made by Dr. Otmar Emminger, the Bundesbank's president, in an article to be published next week by Handelsblatt, the West German financial newspapers.

Dr. Emminger asks what might happen if the Bundesbank could not rely on speedy changes of currency parity by partner countries when these became desirable. Might not the Bundesbank be condemned to large-scale intervention, and its control over domestic money supply undermined?

He notes that the Bundesbank could always try to neutralise the inflationary impact of such currency support operations. It also has the statutory right to advise the Government and in extreme cases it could suspend intervention.

The Bundesbank has long made it plain that it feels a key test of the EMS will be the extent to which "timely and noiseless" parity changes prove to be possible within it.

An underlying fear has been that a decision on a parity change might be delayed by political disagreement in a field over which central banks have no control.

These fears were partly confirmed in advance by the months-long dispute over monetary compensatory amounts within the EEC Common Agriculture Policy — which delayed the start of the EMS.

# Italian inflation shows annual rise of 13.4%

BY PAUL BETTS IN ROME

ITALY'S RETAIL price index increased by 1.5 per cent last month, compared with January, representing an annual rise of 13.4 per cent. The figures, released by the statistics bureau, Istat, confirmed a worrying trend in inflation over the past few months.

At the same time, Dr. Paolo Baffi, Governor of the Bank of Italy, has warned that unless immediate steps are taken to correct the fundamental distortions of the economy and to contain wage increases, inflation is likely to run at an annual rate of 13-14 per cent this year.

The Italian monetary authorities consider 12 per cent as one of the main conditions to ensure the stability of the lira in the European Monetary System

The apparent upsurge in inflation is causing concern in view of the renewal of a series of three-year national labour contracts involving 10m workers in the public and private sectors.

Wages for industrial workers increased 15.9 per cent in January, compared with the same month last year, against a 12.9 per cent rise in the cost of living.

Although this real increase in wages is generally regarded as tolerable, there is apprehension about the impact of the new national wage contracts as a result of the seemingly inflexible position of the union rank and file.

Another source of worry is that industrial output, after the encouraging trend of the last quarter of 1978, appears to be faltering.

The optimism among manufacturers shown in the latest business survey by the Italian economic institute, ISCO, perhaps reflects nothing more than that generated by the upturn in output at the end of last year.

For its part, the Italian employers confederation, Confindustria, suggests that output is likely to fall steadily later this year. There are also signs that the balance of payments surplus is beginning to decline.

Last month, a deficit of L425bn was reported on the overall balance of payments, compared to a surplus of L157bn in February, 1978. In the first two months of the year there was an overall balance of payments deficit of L34bn, compared to a surplus in the same period last year of L608bn.

# Socialists will not back Andreotti government

BY RUPERT CORNWELL IN ROME

THE LAST chance of the new Italian Government of Sig. Giulio Andreotti getting off the ground disappeared last night when the Socialists decided to throw their 57 parliamentary votes against it, in the confidence debate which opens at the end of this month.

The Opposition of the PSI, confirmed after a meeting of the party's deputies and senators by Sig. Bettino Craxi, means that Sig. Andreotti's fifth government will, barring a totally unexpected development, fall at its first hurdle.

Sig. Sandro Pertini, the President, would then be obliged to dissolve parliament and call national elections two years ahead of schedule. The most likely date is the weekend of June 10, at the same time as the first direct elections to the European parliament.

Sig Andreotti will go before parliament on March 29 with the programme of his administration and the debate is expected to continue in the following days, despite the Communist Party congress here which runs from March 30 until April 3.

The choice of Ministers has aroused fierce controversy here, in particular the omission of two widely respected technocrats in Sig. Rinaldo Ossola, who held the foreign trade portfolio, and Sig. Romano Prodi, the ex-Industry Minister.

Once again the long-ruling Christian Democrats are accused of putting purely internal and factional considerations above all else. Not only Sig. Craxi, but also Sig. Luigi Granelli, a DC leader, has publicly commented that the Government seemed "designed to discourage parliamentary support."

# Norway expected to refuse oil for Israel

BY FAY GJESTER IN OSLO

ISRAEL'S SECOND attempt to buy oil from Norway will again be refused, say officials in Oslo.

The Israeli appeal, understood to be backed by the U.S. Government, is being considered by the Norwegian authorities, but the Oil Ministry has pointed out that Norway's own oil supplies are tight, as a result of the troubles in Iran, so there is no surplus to sell.

Oslo turned down the Israeli's first request on the grounds that the planned cars-for-oil deal with Volvo would lay claim to much of Norway's output over a long period. The deal has since collapsed as a result of opposition by Volvo's Swedish shareholders.

Norway normally imports 10-20 per cent of its crude oil requirements from Iran. In a crisis, it has the right to buy all the oil produced in its part of the North Sea, but normally the State share is limited to its royalty entitlement.

In the case of Ekofisk, the only Norwegian oilfield so far in production, royalty oil amounts to only 10 per cent of total output. The rest is at the disposal of the companies in the consortium developing the field, to be sold wherever they choose.

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Andrew Fisher looks at the aftermath of Cologne's Herstatt Bank collapse

# Defining the bounds of acceptable risk

Herr Iwan Herstatt (left), the bank's former head, and Herr Dany Dattel, one-time head of foreign exchange operations, who go on trial today.

: CRASH of Herstatt Bank in ›gne on June 26, 1974, after ıad suffered huge foreign ıange losses, echoed through international banking em for many months.

ore than four years later, ıories of the hapless bank's ise will be revived today by opening of the trial of those t closely involved in its ›ations, including the former l of the bank, Herr Iwan D. ıtatt, who is now suffering ı a serious heart complaint. .s poor health may lead to ick adjournment of the trial · the formal opening, cially as another key defen- , Herr Dany Dattel, the for- head of foreign exchange ations at the bank, is also to be in poor health.

ıth men were among former als of the bank arrested in ıst, 1976, after more than years of intensive investiga- ; by the Cologne Public ecutor's Office. With the aid ix experts, some 260 wit- ·s and 25 volumes of evi- ·e, the State prosecutors now · to prove that the eight men ·ial brought about Herstatt's pse by their own illegal ıns.

so answering charges will Count Bernhard von der ;, once the bank's general ıger, Herr Heinz Hedderich, headed the foreign depart- t, and Herr Kurt Wickel, ran the money market ations.

e Herstatt affair did not, ıe event, develop into the ıcial cataclysm at first ·d. But following hard on heels of several embarrass- osses on currency dealings ›ther German, Swiss and rican Banks, it brought fully to mind the collapse 931 of Austria's Creditan- an event which did much her in the depression years. ›r was the mood of Her- 's creditors and of those ged with maintaining order in world foreign exchange markets improved by the mounting losses uncovered by the auditors. The initial estimates, made when hordes of small savers were clamouring outside its doors after the surprise closure, were around DM 400m (£106m). It finally emerged that the true deficit was as high as DM 1.2bn.

Just how much light the trial will throw on the events which made the name of Herstatt such an unhappy one for the world banking community, remains to be seen. It is expected to last at least until the end of this year and could go on for 18 months or more, with the prosecuting lawyers delving into many thousands of separate currency transactions in their efforts to prove the various charges.

In their 1,200-page explanation of the charges, they allege that the deals leading to the failure of Herstatt—at a time when it had assets of over DM 2.1bn and had recently remarked optimistically on the progress of its gold and foreign business—were completely out of proportion to the bank's shareholders' funds.

Herr Herstatt, along with Count von der Goltz, Herr Hedderich, and Herr Dattel, committed a breach of trust in their handling of clients' funds, the State prosecutors argue. From March 1974, they add, these defendants misled people about the bank's actual creditworthiness, although well aware of its high indebtedness and the heavy risks stemming from the foreign exchange speculation. As a result, depositors continued to put money into the bank.

Charges of manipulating accounts have been made against Herr Wickel, while Herr Herstatt is also accused of failing to apply for bankruptcy or liquidation, despite his knowledge of the bank's large debts. Herr Datel and Herr Bruno Blaser, previously a dealer with the bank, are held by the prosecution to have cost Herstatt at least DM 70m through their manipulation of foreign exchange transactions.

The riskiness of Herstatt's foreign exchange transactions was known in the market some time before the collapse and Germany's Bundesbank was accused by some bankers of taking note of their various warnings too late. The Finance Ministry in Bonn admitted some months after the closure that warnings had come from Switzerland as early as March 1972.

The public prosecutor started investigating Herstatt almost immediately after the Bundesbank and the Federal Banking Supervisory Office put out their fateful closure notice on June 26. This stated that the foreign exchange deals which had plunged the bank so deeply into debt "appeared incorrectly in the bank's books."

Although a rescue had been considered, talks involving the three major German commercial banks (Deutsche, Dresdner and Commerzbank), and Dr. Hans Gerling, whose insurance group owned more than 80 per cent of Herstatt, had achieved no solution.

Hence, said the joint closure statement, the Bundesbank and the Supervisory Office had "withdrawn permission from Herstatt to continue banking business and ordered the winding-up of its affairs."

In the previous year, Herstatt had made a DM 10m net profit and paid a 12 per cent dividend. The bank's share capital amounted to DM 44m and Herr Herstatt, who had restarted the bank in 1954 after it had been defunct since 1888, had a 5 per cent stake. As well as 31 branches, it had a subsidiary in Luxembourg and a London representative office.

Because it was late afternoon in Germany when the Herstatt closure notice went out, dealings still had two hours to go in New York. For several banks, including Hill Samuel of the UK, this timing was unfortunate, leaving them poised awkwardly in the middle of uncompleted deals. Hill Samuel stood to lose $21.5m and other banks were also left stranded.

The UK bank took to the courts to try to get its money back. Its efforts met with initial success, when the Frankfurt Civil Court ruled more than a year after the collapse that the Bundesbank had given the three major German banks an unfair advantage by drawing them into rescue moves. The court ruled that Hill Samuel should be paid DM 10m damages by the Bundesbank, which later managed to have this decision overturned by the German supreme appeal court.

Hill Samuel's eventual net loss came to $660,000 after tax relief. The patient actions of the liquidators ensured, too, that others involved with Herstatt—from small savers to banks and local authorities—eventually received much or all of their money back.

Small depositors have been reimbursed in full, while banks and local authorities have received 55 per cent of their claims and may be paid more from the small surplus achieved by the liquidators.

Since the wearisome process of sorting out Herstatt's financial tangle has been more successful than expected, was it really necessary to shut down the bank at all and could the whole disaster have been averted? The affair clearly came as a shock to the German monetary authorities and revealed unsightly cracks in the regulatory apparatus for the banking system.

Steps have accordingly been taken to keep banks' large loans within limits regarded as reasonable in relation to share capital and reserves; to tighten and speed up presentation of accounts and provide for special audits, and to allow for a moratorium for troubled banks in order to avoid immediate insolvency. In addition, the banks themselves have co-operated on schemes to safeguard deposits and to make available more details about the business of their Luxembourg subsidiaries.

Although the loss of confidence brought on by Herstatt contributed to the failure of several small German banks, there have been no calamities on the scale of the Cologne bank. The affair prompted the Federal authorities into taking some timely action. Now the trial will attempt to decide whether Herr Herstatt and his colleagues overstepped the thin line between acceptable risk and speculation beyond the bounds of legality.

## :he million-mine border

:ONN—A million land ıes line East Germany's der with the West, according to Herr Gerhard Baum, West German Interior ıister.

:arriers and mantraps on 875 mile-long border have · been strengthened, he ; in his annual report on West German Frontier :e.

:err Baum says only 186 t German fugitives ıaged to escape last year, ıpared with 301 in 1977. t German frontier guards tured 18 fugitives, four of whom were severely wounded.

"The present state of the East German obstructions and the system of guarding the frontier makes flight almost impossible," the report adds. Apart from the minefields, there are 750 miles of high metal fencing reinforced by 34,000 automatic scatter guns.

West Germany's 225 mile-long frontier with Czechoslovakia is generally quiet, the report says. Eleven Czechs and three East Germans escaped over this border last year, compared with 22 in 1977.

Reuter

## S. Africa firm on SWAPO monitoring

WINDHOEK — Mr. Pik Botha, the South African Foreign Minister, said yesterday the monitoring of nationalist guerrilla bases is still the main stumbling block to the United Nations plan for the independence of Namibia (South West Africa).

Mr. Botha stopped in Windhoek on his way back to Cape Town from New York, where he discussed the faltering settlement plan with Western Foreign Ministers.

He said that despite a Western proposal for electronic eavesdropping equipment to guard against guerrilla infiltration across the territory's borders, South Africa had not given up its insistence on effective monitoring of the guerrilla bases in neighbouring countries.

The UN plan ran into trouble when South Africa rejected the latest proposals from Dr. Kurt Waldheim, the UN Secretary-General.

The Pretoria Government said it deviated from the plan originally negotiated by five Western nations—the U.S., Britain, France, West Germany and Canada—because it failed to provide for UN monitoring of the South West Africa People's Organisation (SWAPO) bases outside Namibia and would allow the guerrillas to set up bases inside the territory.

Mr. Botha said South Africa's military commander in the territory, Major-General Jan Geldenhuys, had stayed in the U.S. to assess the electronic equipment proposed to prevent infiltration.

"But the fact that he is looking at the equipment does not mean that we have, by doing this, accepted the equipment as a substitute and replacement for monitoring SWAPO within its bases," Mr. Botha said.

Reuter.

## British, U.S. envoys 'admit Rhodesia poll cannot be delayed'

BY TONY HAWKINS IN SALISBURY

BRITISH and U.S. envoys visiting Salisbury were reported yesterday to have conceded that it is too late to delay Rhodesia's majority rule elections. But they have urged the Black nationalist leadership in Rhodesia to try to come to terms with the Nkomo-Mugabe Patriotic Front after the April poll.

Publicly, Mr. Robin Renwick of the Foreign Office and Mr. Steven Low, U.S. Ambassador to Zambia, are claiming that they have come to Salisbury to "explain" the call made last weekend by Dr. David Owen, the British Foreign Secretary, and Mr. Cyrus Vance, the U.S. Secretary of State, for all-party talks on Rhodesia before next month's elections.

But privately, the two envoys are understood to be acknowledging that it is too late to change the electoral timetable. They express instead the fervent hope that whoever comes out on top in the voting next month will be willing to seek a compromise agreement with Mr. Joshua Nkomo in Zambia and Mr. Robert Mugabe in Mozambique.

Yesterday the Anglo-American envoys held separate discussions with Chief Jeremiah Chirau, Bishop Abel Muzorewa, and the Rev. Ndabaningi Sithole. Mr. Ian Smith's senior black colleagues in the provisional Government. Mr. Smith is in South Africa on a private visit and the envoys could not say whether or not they would meet him here later in the week or possibly in South Africa at the weekend.

One informant close to yesterday's talks said that the envoys told the Black leaders that it would be unrealistic to expect the transitional Government to change horses at this late stage.

They are reported to have expressed the hope that the Government elected in April would speedily seek talks with the Patriotic Front Leadership in an effort to end the war and secure international recognition.

The envoys are understood to have expressed some concern at the fact that only one of the domestic nationalist leaders, Chief Chirau, is overtly in favour of an all-party conference on Rhodesia. Bishop Muzorewa, the man most likely to win the poll next month, has never been enthusiastic about all-party talks. But analysts here say that he could well shift his ground after he has secured an electoral victory.

No official statement was issued by either side yesterday. However, the two envoys arrived in Salisbury only hours after the Executive Council of the transitional Government had issued a tough statement criticising Dr. Owen and Mr. Vance for their last-minute effort to "interefere" with the one-man-one-vote elections to be held in the latter half of next month.

Rhodesian political leaders of all persuasions, with the exception of Chief Chirau, have expressed grave doubts over the sincerity of the Owen-Vance call for a conference within the next month. They have said that the British and U.S. Governments no longer appeared to have a policy on Rhodesia and just made public statements designed to create an illusory impression of activity.

# OVERSEAS NEWS

## Bhutto decision tomorrow

By Chris Sherwell in Islamabad

PAKISTAN'S Supreme Court will give its final decision tomorrow on the fate of the condemned former Prime Minister, Mr. Zulfikan Ali Bhutto.

Seven judges will announce whether they accept or reject Mr. Bhutto's request for a review of their judgment of six weeks ago. The judges then split four-three to confirm a death sentence on the former leader.

Suspicions have grown recently that one of the majority is thinking of changing his mind on the question of sentence. Even if this does not happen, the minority judges' view will be watched to see whether they stand by their split with the majority.

In a separate development Pakistan's military Government has been told that its request for a special early meeting of the aid-to-Pakistan consortium countries has been rejected.

K. K. Sharma reports from New Delhi: Prosecution of Mrs. Indira Gandhi, on charges of abuse of power during her emergency rule will be hastened now that Parliament has passed a Government Bill setting up special courts for the purpose. The Bill was passed by the Upper House on Wednesday night. It now needs the formal assent of the President to become law.

## Diplomats recalled in row between Tehran and Kabul

BY ANTHONY McDERMOTT IN TEHRAN

THE LONG-STANDING dispute between the Islamic Government of Iran and the Communist-dominated regime of Afghanistan yesterday took a formal diplomatic turn. Both countries have for some months been without ambassadors. But yesterday Afghanistan demanded the removal of the Iranian consul-general in Herat within 48 hours.

Herat is the western border centre of opposition led by Moslems against the Government of Mr. Nur Mohammed Taraki, the Afghani Head of State. In retaliation the Iranian Government has asked for the removal of the senior Afghan diplomat in Tehran — a first secretary.

The tension between Iran and Afghanistan has built up since the Moscow-oriented government was established in Kabul in 1978. Accusations made recently by Afghanistan that Iran had staged a military attack involving some 7,000 people on West Afghanistan have been strenuously denied.

But the tension has a more complicated background. Although the Moslem opposition in Afghanistan has belonged to the Sunni orthodox Moslem sect, as opposed to the mainly unorthodox Shi'ite Iranians, some 200 Afghani Moslem students who have been studying in Qom, the home town of Ayatalloh Khomeini, have been calling for support against Taraki's regime.

This call received the support of Ayatollah Nouri, based in Tehran, who last Sunday organised a demonstration of 2,000 men and 1,000 women in support of the claim.

Finally, Afghanis constitute the largest section of illegal workers in Iran, perhaps 1m at one stage, and mainly involved in construction work. Apart from the fact that the latest economic developments require fewer Afghan workers, there has been some hostility toward Afghanis which, in the heated days of the revolution, led to street hangings. But now there has been a strong move toward Afghanis because of the religious opposition against Communism.

## Kurds surround army garrison

SANANDAJ — Tension was high in this western Iranian town yesterday as religious leaders tried to stop fighting between Kurdish guerrillas and surrounded Government troops. A few sporadic shots could be heard from around the town's besieged army garrison, but but there was no heavy firing.

Meanwhile, Ayatollah Mahmoud Taleghani, Tehran's religious leader, held a heated discussion on the situation with local religious and business representatives in a room at the town's university.

Ayatollah Taleghani has been sent to Sanandaj by the revolutionary religious leader, Ayatollah Khomeini, who, like most Iranians, is a member of the Shi'ite sect of Islam. Almost all the Kurds are Sunni Moslems.

The Kurdish guerrillas said they were holding their fire until the outcome of the Ayatollah's mission, which the Tehran religious leader described as a fact-finding visit,

Pairs of Iranian Air Force Phantom F-4 fighters roared deafeningly low over the town centre yesterday interrupting Ayatollah Taleghani's consultations.

Outside the conference room, thousands of angry, shouting Kurds were held back by heavily armed guerrillas.

Reuter

## Hong Kong lease not on agenda

THE ISSUE of the expiry of the New Territories lease in 1997 apparently will not be discussed when Sir Murray MacLehose makes the first official visit to China by a Hong Kong Governor from March 24.

But even if no answers to the lease question are forthcoming, enough trade and industrial agreements have been signed recently between Hong Kong and China to create confidence in the colony's immediate future.

Sir Murray, whose term of office has just been extended until April 1980, hopes to obtain a comprehensive picture of China's modernisation plans in order that he can point out any problems which they might cause for the colony's industries.

One major difficulty which Hong Kong is already experiencing as a result of China's new liberal policy is the influx of Chinese immigrants. If it continues at the present rate, more than 250,000 Chinese will enter Hong Kong between January 1978 and December 1979.

Sir Murray who will be accompanied by Dr. David Wilson, his political adviser, Sir Yuet-Keung, the senior Chinese member of the executive council, and their wives, will return on the first direct train service between Canton and Hong Kong on April 4.

## Knesset approves treaty by 77-vote majority

BY DAVID LENNON IN TEL AVIV

MR. MENAHEM BEGIN, Israel's Prime Minister, will fly to the U.S. this morning for next week's signing of a peace treaty with Egypt having won overwhelming Parliamentary approval for the treaty.

He will brief Mr. James Callaghan, the British Prime Minister, during a brief stop in London.

The Knesset voted 95 in favour of ratifying the peace agreement after a 28-hour debate which ended at 4 am yesterday. Eighteen voted against, while seven members either abstained or were absent during the vote.

Twelve of the opponents of the treaty were from within the ruling coalition, and two members of Mr. Begin's Likud block have announced their intention of resigning from the Likud in protest at the agreement which, they believe, endangers Israel's security.

Most members of the National Religious Party which had threatened to oppose the treaty, finally voted in favour. The afternoon paper, Maariv reports that this was the result of a letter which Mr. Begin gave the party leaders, promising to accept their hardline stand on the autonomy issue. He is also reported to have promised that Israel will undertake a large-scale settlement programme on the West Bank as soon as the treaty is signed.

Mr. Ariel Sharon, the Minister in charge of settlements, who voted against the treaty in a Cabinet meeting earlier this week, supported the treaty in the Knesset. In his speech to the House, he said that Israel would build many more Jewish settlements on the West Bank and in the Gaza strip.

Mr. Moshe Dayan, Foreign Minister, flew to Washington yesterday, to discuss a "memorandum of understanding" with the U.S., defining the degree of American involvement in implementing the provisions of the Egypt-Israel pact.

The subjects which such a memorandum would cover have not been defined. It is expected to include terms of U.S. aid, limits on the use of U.S. arms sold to Egypt, U.S. relations with the Palestinian Liberation Organisation and U.S. mediation in disputes between Egypt and Israel.

Mr. Dayan said that it was not essential that U.S.-Israel agreement be reached before the signing of the peace agreement on Monday. But he added that the outstanding issues with Egypt, especially the timing of Israeli withdrawal from the Sinai oilfields, would have to be concluded before the treaty was signed.

Reuter reports from Beirut: A Lebanese news digest reported yesterday that Mr. Zbigniew Brzezinski, President Carter's National Security Adviser, has told King Hussein of Jordan that he might not receive U.S. financial aid if he publicly opposes the Egyptian-Israeli peace treaty.

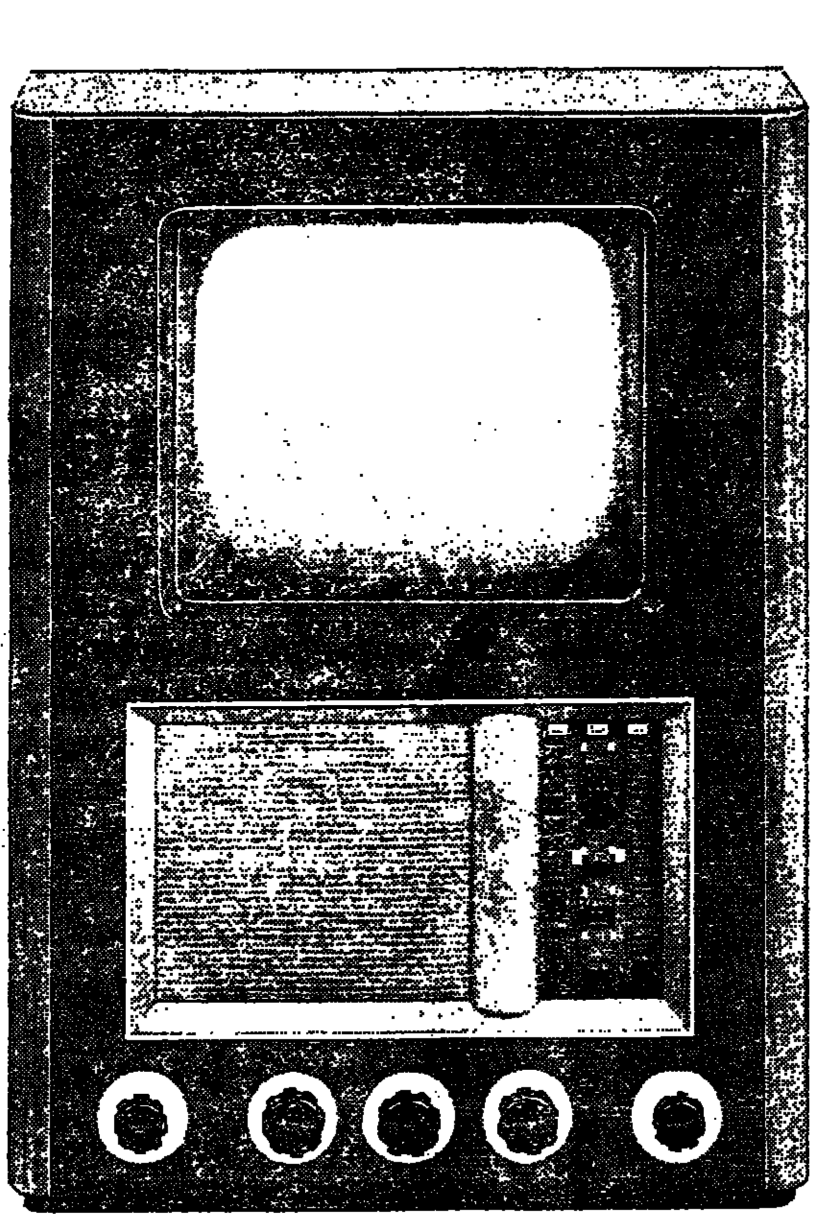
The English-language Middle East Reporter quoted reliable informants as saying Mr. Brzezinski upset Jordanian and Saudi leaders during his visits to the two countries last week-end, and that officials in Amman, the Jordanian capital, now referred to him as "the bully."

King Hussein accused the U.S. of using "arm-twisting" tactics to secure his support for the accord in U.S. Press interviews published on Wednesday, but the U.S. has denied the charge.

An official in Washington denied that Mr. Brzezinski had implied there could be restrictions on future U.S. aid if the King maintained his opposition to the treaty.

The digest said Mr. Brzezinski's attitude apparently worried the King, and made him anxious to secure financial aid promised by an Arab League summit conference in Baghdad last November.

Jordan was promised $1.2bn a year



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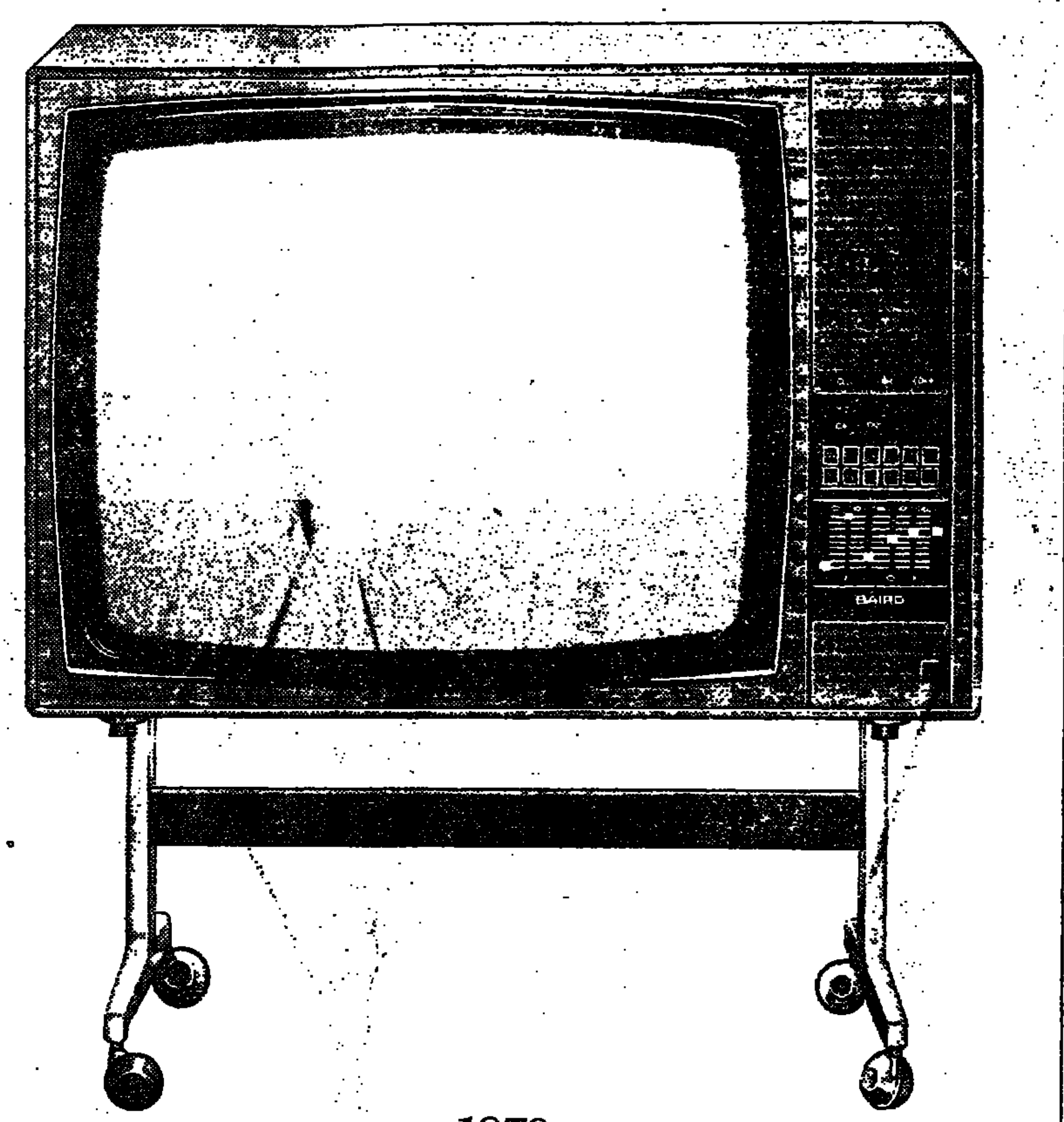

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PREPARING FOR BAGHDAD TALKS

## Palestinians will keep close watch on Saudis

BY IHSAN HIJAZI IN BEIRUT

THE PALESTINIANS and the hard-line Arab states most bitterly opposed to the prospective Egypt-Israel peace treaty are waiting to see what collective action the Arabs agree on before acting themselves.

Their immediate goal is to press for the imposition of economic and political sanctions on Egypt at the conference of Foreign and Economy Ministers in Baghdad called for next Tuesday. Iraq, a leading rejectionist, has issued the invitation because it was host to the Arab summit conference last November which provided for sanctions once President Sadat signs a treaty with Israel.

President Assad of Syria (left) and President Bakr of Iraq

At the ministerial meeting, each state will be expected to make clear its attitude to the treaty and Mr. Sadat, according to Arab diplomats here.

The rejectionists will be keeping a sharp eye on the oil-rich Governments in general and on Saudi Arabia in particular.

"If the Saudis apply the sanctions against Sadat, then we say welcome to them, but if they do not we shall place them in the same camp as Sadat," Dr. George Habash, leader of the Popular Front for the Liberation of Palestine has said.

Dr. Habash's group is the most militant of all commando factions. Once the attitude of the various Arab regimes is clear, targets will be chosen, observers said.

Yassir Arafat of the PLO (left) and King Khalid of Saudi Arabia

Palestinian guerrillas, who are in the rejectionist camp with Iraq, Syria, Libya, Algeria and South Yemen, have picked on the Sadat regime and the U.S. interests in the Middle East as targets for their future operations. Israel will remain the main target, but Arab regimes will be added depending on what attitude they take to the Egyptian-Israel treaty.

The "Confrontation and Steadfastness Front" which includes all the rejectionists except Iraq, is expected to meet after the Arab Ministers.

The Front was set up in December 1977 as an immediate reaction to President Sadat's visit to Israel, which opened the way to the Israeli-Egyptian agreement.

During the past week, the state-controlled media in Syria have been dropping hints that the two states will speed up moves to establish their planned unity. The two countries became reconciled in October after years of mutual hostility and their leaders regard unity as the only way to fill the vacuum created by Egypt's departure from the confrontation with Israel.

But observers believe that only the Palestinian guerrillas will resort to direct action to undermine the Egyptian-Israeli pact.

Governments within the Rejection Front are hindered by a multiplicity of conflicts. Iraq has accused Libya of obstructing the Iraqi-Syrian union. South Yemen is preoccupied with its border war with North Yemen. The new regime in Algeria under President Bajedid Chadli is apparently still undecided about how far it should go in opposing the Egyptian-Israeli treaty. Algeria has its own worries in the confrontation with Morocco over the western Sahara. Mr. Yassir Arafat, chairman of the Palestinian Liberation Organisation, this week visited Algiers for his first meeting with the new Algerian President.

Colonel Gaddafy of Libya (left) and King Hussein of Jordan

The main burden lies on Syria's shoulders. President Hafez Assad has revived contacts with Soviet leaders during the past few days amid speculation that he may visit Moscow soon. Since last December, Syria has sent two military delegations to the Soviet Union but obtained only a modest commitment on future arms supplies.

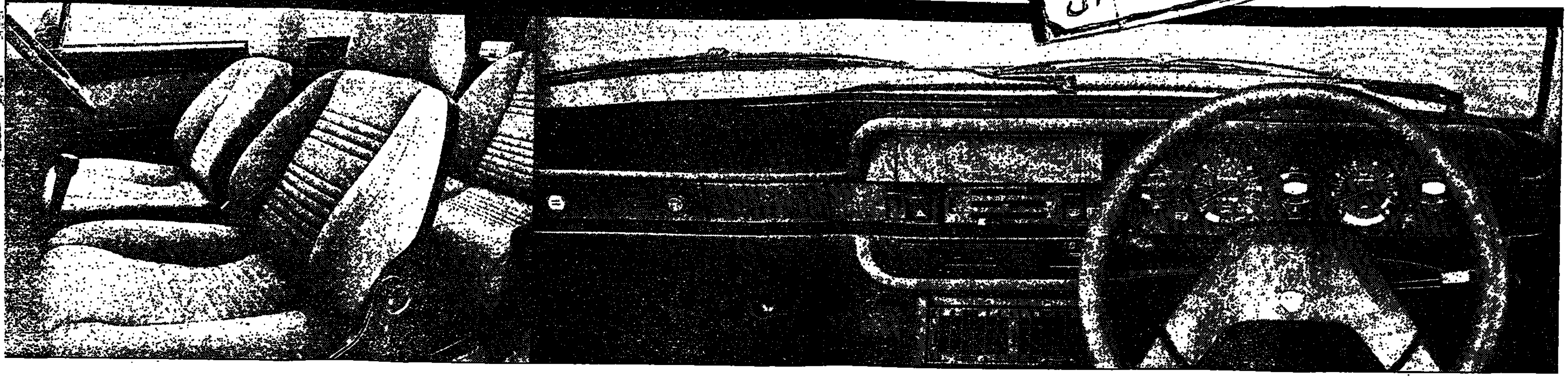
Soviet leaders are not apparently convinced that Syria should be helped to correct the military balance against Israel after Egypt's defection.

Damascus is said to believe that at some stage Israel might be tempted to carry out a pre-emptive strike against Syria and Jordan.

Syria, even more than the Palestinians, feels let down. Under President Assad, it has adopted a moderate line and endorsed security Council Resolution 242, but has gained nothing in return. Now that an Egyptian-Israeli treaty is about to be signed, there is talk about autonomy in the West Bank and Gaza, but no one talks about the Israeli-occupied Syrian Golan Heights.

Analysts predict a period of confusion in the Middle East after the Egyptian-Israeli treaty is signed. They point out that once the initial shock wears off, the U.S. will initiate endeavours for more negotiations. Some analysts even expect Washington to recognise the PLO, and to support the return of the Golan Heights to the Syrians.

But before that stage is reached, to use Mr. Arafat's words in a recent speech it will be "fire and brimstone" in the Middle East.



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# AMERICAN NEWS

THE EL SALVADOR KIDNAPPINGS

## Police hunt follows finding of body

BY WILLIAM CHISLETT

POLICE in El Salvador mounted an intense search yesterday for the two kidnapped British bankers and a Japanese businessman, after the body of a fourth kidnap victim was found in a suburb of the capital.

The body of Sr Ernesto Liebes, a Salvadorean coffee merchant and honorary consul for Israel, was found in the back of an abandoned car in the Montserrat district of the city.

A communiqué from the extreme Left-wing kidnappers is believed to have been found with the body, but police have not divulged its contents. The kidnappers belong to a group called the Armed Forces of National Resistance (FARN).

The consul was shot in the stomach after the deadline set by the kidnappers on the four hostages expired. The kidnappers had demanded the release of political prisoners, the publication of their propaganda and payments of unspecified ransoms.

According to the kidnappers' communiqué, announcing the deadline, only the Japanese businessman will meet a "different fate" because his textile company, Insinca, has already paid part of a ransom.

The kidnappers criticised the Bank of London and South America for "totally closing itself to negotiations." The bank is a subsidiary of Lloyds. Representatives of the bank, however, strongly denied the kidnappers' allegation and said they were still pleading with them. The two Britons, Mr. Ian Massie and Mr. Michael Chatterton, were kidnapped on their way to work last November.

In a statement the bank said the kidnappers had at no time promised to release their captives even if their demands were met. The bank was powerless to comply with the majority of the demands which were of a political nature. Insofar as it was able to meet the demands, the bank remained ready to continue negotiations.

The military Government has issued no statement concerning the death of Sr. Liebes. Parties opposed to the Right-wing military dictatorship fear that the Government will use the kidnappings as a pretext to crack down even harder on opponents of the régime.

The kidnapping, in a country racked by extremist violence, are having a marked effect on the country's economy. Many foreign and local businessmen are leaving for safer countries and those remaining are now carrying arms.

The kidnappers are achieving considerable success in their aim of pushing the Government into a corner.

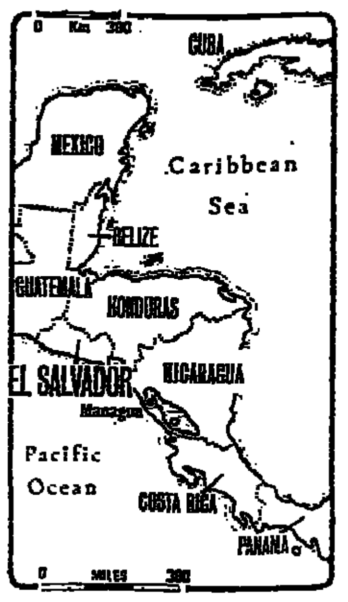
Since last October at least 62 families have left the country, eight of them reported to be British. Some companies, like Glaxo, have moved their representative to Panama. The Japanese presence in El Salvador has dropped in six months from 407 to less than 200.

Observers point out that the Armed Forces of National Resistance have received an estimated $36m in ransom money which is on a par with the country's annual military budget. Businessmen are asking whether this money will be used to buy arms.

Foreign investment has dropped, although by what amount is not known. This is bound to have an effect on the Government's five-year development plan.

The confidence of international bankers in El Salvador is believed to have fallen dramatically. The Government tried late last year to raise a $80m loan, but the U.S. bank heading the management syndicate took fright and did not go ahead with the syndication. The bank's manager was also withdrawn.

If more businessmen leave the country there are fears that foreign firms could begin to close or at least not proceed with planned expansions. This would greatly increase unemployment which is already over 15 per cent and would have serious social and political consequences.




## Figueiredo calls for austerity in Brazil

BY DIANA SMITH IN RIO DE JANEIRO

IN HIS first address to his Cabinet this week, General Joao Baptista Figueiredo, Brazil's new President, called for austerity in public spending, ceilings on foreign and domestic borrowing by State-run companies, more streamlined relations between the Government and the private sector, elimination of paternalism, reduction of bureaucracy and priority for agriculture.

General Figueiredo's new look follows a decade in which State monopolies in oil, mining, electricity and other key areas grew to elephantine proportions, spending and borrowing at will and diversifying into areas outside their original functions to the detriment of private industry.

Equally, attempts by past Finance Ministers to cool inflation have been hampered by contradictory actions by other Ministries bent on fostering rapid growth at any cost.

With the help of Sr. Mario Simonsen, the Planning Minister, now given full supervisory powers over the State and State-run companies' budgets, General Figueiredo hopes to cool down Brazil's economy without running the risk of recession.

This implies cuts in public spending, encouragement for the production of cheap foodstuffs, thus reducing the heavy impact of food prices on the cost of living index, and promotion of cheap, mass produced consumer goods without undue discouragement of key industries like the vehicle and capital goods sectors.

The essence of the new Cabinet's brief appears to be "no grandoise plans based on theoretical resources, no borrowing unless strictly necessary," and freezing of surplus funds until inflation drops.

Whether the Government can achieve its 1979 target of a cut in inflation from last year's 40.8 per cent to 35 per cent by December is unclear. Oil price rises will hurt a country that imports four-fifths of its consumption of 1m barrels of oil a day (with a $4.5bn bill in 1978), although a nationwide fuel conservation campaign is under way.

Equally, other countries' difficulties in meeting higher crude bills will hamper Brazil's efforts to increase its commodities or manufactured exports. Unless it can sell more abroad, Brazil will be faced with a growing trade deficit.

In 1978, Brazil's debt service costs amounted to $8bn—two-thirds of its total exports—and its foreign reserves now stand at a comfortable $11.5bn, its only long-term solution is a balanced trade account.

General Figueiredo has made efficient government his slogan, but whether a military sense of strategy can be applied to a society of 120m fragmented by vested interests is still an open question.

The easing of political strictures has unleashed a host of critical movements, and there are signs that the Government intends to deal with these toughly.

Reuter adds from Brasilia: U.S. Vice-President Walter Mondale has arrived here from Washington on an official visit.

Mr. Mondale's visit only days after the inauguration of President Joao Baptista Figueiredo has pleased the new administration.

Mr. Mondale is to have talks with President Figueiredo, Sr. Chaves, and Sr. Guerreiro. He leaves for Venezuela tomorrow.

## Report criticises international banks

WASHINGTON—A report by Congressional investigators, published yesterday, is critical of international banks and says the Justice Department is investigating two U.S. companies which had dealings with them.

The report criticises loans made by the World Bank, the Inter-American Development Bank and the Asian Development Bank.

Compiled by the staff of the House of Representatives appropriations committee on foreign operations, the document took 13 months to produce and is one of the few detailed reviews of the banks' activities to have been made by an outside group.

Mr. Clarence Long, the subcommittee chairman, a Maryland Democrat, said the report backed his critical view of the banks.

"The banks are not responsible to anyone, and are helping the rich," who, he said, included U.S. businesses receiving overseas contracts.

The report said that the Justice Department was investigating two cases.

The Justice Department had no comment on the report.

The Justice Department investigation was part of an overall review of 80 cases of alleged improper activities overseas by U.S. companies, the report added.

The Treasury, responsible for U.S. policy on multilateral development banks, issued a statement saying the banks were very effective in channelling American aid to other countries.

Much of the report was critical of such matters as accountability between bank management and executive directors from each country, weak audits of projects, budget reviews and salaries.

In one of the few specific cases mentioned in the report, it criticised a steel plant loan in Mexico.

"One World Bank Inter-American Development Bank loan of $124m to Mexico to construct a new steel plant appears to have been, in part, politically inspired—it is losing money and not meeting objectives set forth at appraisal," the report noted.

In general, however, criticisms at the news conference when the document was issued, seemed stronger than the general language of the report itself. Reuter

## Venezuela Energy Minister faces first test at OPEC

BY KIM FUAD IN CARACAS

MR. HUMBERTO CALDERON BERTI, Venezuela's new Energy Minister, faces his first major test in the affairs of the Organisation of Petroleum Exporting Countries (OPEC) when the organisation meets to discuss oil prices on Monday.

Mr. Calderon lacks the international expertise of his predecessor, Mr. Valentin Hernandez, and will need time to become familiar with the intricacies of OPEC and be accepted by its members.

During his five-year tenure, Mr. Hernandez used close personal ties with key OPEC ministers to carve out a broker's role for his own oil-producing nation in settling frequent internal OPEC disputes. His efforts enhanced Venezuela's influence in the organisation well beyond its reduced role as a world oil exporter.

Mr. Hernandez will, it is believed, continue to have a discreet influence in Venezuelan OPEC affairs. The new Administration of President Luis Herrera has offered him an advisory post at the Venezuelan Embassy in London.

No radical changes are foreseen in Venezuelan pricing policies, which have generally avoided the extremes of conservative and hawkish OPEC members. Venezuela has taken advantage of the present high demand to increase prices for its almost 2m barrels a day crude and refined products exports, but to a lesser degree than many OPEC members.

Its crude prices will rise to between $17 and $14 for light and medium oils as of April 1 as a result of applying the quarterly increases approved by OPEC in Abu Dhabi last December and a $1.20 surcharge to reflect the present demand situation. Additional income is expected to run to more than $1bn as a result of the present market situation.

While Mr. Calderon will take a cautious course in OPEC affairs, he is expected to restore the Energy Ministry's waning influence over national oil activities. It is believed he will impose a closer control over the state oil monopoly, Petroleos De Venezuela (PDVSA) and its operators.

This could signal the end of the state industry's free-wheeling days when it often overrode Ministry criticism. It could also mean changes in multi-million dollar programmes, such as offshore exploration and refining, that were approved over Ministry protests under the government of former President Carlos Andres Perez.

Mr. Calderon has indicated he will stick closely to the new Government's oil programme which varies little in its fundamental thrust from that of the Perez Administration.

He cited international marketing and technology as critical areas. Contracts for buying Venezuelan oil and providing technical assistance signed with oil companies that formerly operated in Venezuela are up for renewal this year and Mr. Calderon said substantially better terms will be sought.

## Market watchdog to study Chicago wheat affair

BY DAVID LASCELLES IN NEW YORK

THE POSSIBILITY that charges of market manipulation will be levelled against speculators in the Chicago wheat futures affair was confirmed yesterday by the Commodity Futures Trading Commission, the market watchdog.

As part of its surveillance activities, the CFTC says it will review recent events on the Chicago Board of Trade. If it finds evidence of violation of the commodity exchange laws, it will pursue them.

The CFTC said that four speculators were involved, though it would not identify them. One has, however, identified himself. He is Mr. Allen Freeman, a general partner in Rosenthal and Co., the Chicago trading firm, whose involvement came to light when he resorted to the courts to stop the market regulators ordering him to liquidate his long open positions.

It was the accumulation by speculators of large long open, or buy, positions that prompted last week's crisis.

Rosenthal and Co's connection is potentially embarrassing to the Chicago Board of Trade since its chief, Mr. Leslie Rosenthal, is also vice-chairman of the board. A board spokesman said that Mr. Rosenthal had attended discussions on how the March wheat crisis should be resolved, but had declared his interest and had not voted.

Both Mr. Freeman and Mr. Rosenthal have been responsible for previous long accumulations.

The CFTC confirmed yesterday that it had sent both men a letter in December warning them that their actions could expose them to charges of price manipulation.

## No growth in Guyana economy

By Muhamad Hamaludin in Georgetown

GUYANA'S ECONOMIC performance last year was described by the Government as "disappointing" but projections of a £173.6m Budget for the current fiscal year, hold out some hope for recovery and an improvement in the depression which hit the country since 1976.

These conclusions have been made in the 1979 Budget which was presented in Parliament a few days ago

The Budget statement was read by Mr. Desmond Hoyte, the Economic Development Minister, who reported that as a result of poor showing from the productive sectors, the economy failed to reach the projected 5 per cent growth and in fact showed no real growth at all.



## Federal poll delays unity plans

RECOMMENDATIONS BY the task force on Canadian unity have been shelved until after the next federal elections, Mr. Jean-Luc Pepin, chairman of the task force, said yesterday.

The recommendations call for a shift of taxation and spending power to the provinces, would give the provincial governments a central say in minority language questions and would increase regional representation in the Federal House of Commons and Senate.

# Japan to continue 'export guidance' on key products

BY RICHARD C. HANSON IN TOKYO

JAPANESE Ministry of ... national Trade and ...stry (MITI), is to continue ...nitor exports of major pro-...

...TI last year adopted a ... of export guidance for ... top product areas, in... ng steel, cars, ships and ...sions, in order to keep the ...e of such shipments at or ... the levels of the previous ...

Shigeru Koino, the ...ter, said yesterday: "MITI decided to maintain the ...ng measures on export for ...ime being, although the Japanese current account balance is showing substantial improvement." The measures were to have lapsed at the end of this month, the end of fiscal 1978, under the original plan.

A continuation of the monitoring system, however, will be more passive than active. MITI officials say they will take measures if extreme changes in export performance threaten to send the current account surplus soaring again.

According to MITI's export volume index, export shipments were down .3 per cent in the 11 months from April, 1978. The April-June volume index fell 2.8 per cent from a year earlier (the period when MITI first announced its intention to control exports); down 3.9 per cent in the July-September quarter, and down 4.8 per cent in the October-December period.

In January and February the rate of decline on an annual basis rose to 10. per cent and 14.5 per cent respectively.

MITI said that, while the volume of exports has declined, import volume has risen quarter by quarter since the beginning of 1978.

# Tanzanians open border for Zambian maize aid

By John Worrall in Nairobi

THE TANZANIA border with Kenya is to be specially opened soon to allow the Kenyans to transport 100,000 tons of emergency maize to Zambia, which is suffering from a severe maize shortage.

The Zambian Government has concluded a deal with the EEC and Kenya for the purchase of the maize from Kenya at the open market price of $115 (£57.5) a ton.

Confirming this large deal, an official of the Kenya Maize and Produce Board said it would take up almost all Kenya's large maize surplus, and allow storage space for the new season's crop.

Tanzanian and Zambian officials are in Nairobi to arrange for the shipment of the maize, which is being transported in lorries owned by the Kenya Government's transport company, Kenatco.

One problem, it is understood, has still to be worked out. The Tanzanian ban on lorries of over 18 tons weight passing over the roads of northern Tanzania is still in force, but sending the maize in 25 ton lorries is regarded as more economic.

The maize will be transported in convoys and the operation is to start in about 10 days.

# Excavator problems delay Siberian coal project

BY DAVID SATTER IN NERYUNGRI, E. SIBERIA

THE FIRST deliveries of coking coal to Japan from the rich Neryungri coal deposits in eastern Siberia under a joint Soviet-Japanese co-operation project will probably not begin on schedule in 1983 due to problems attributed to U.S. designed excavators.

The shipments from Neryungri were to form the vast bulk of Soviet coal shipments to Japan to repay a Japanese credit of $450m which financed machinery and technology used in the development of the Neryungri deposits.

The $450m credit was supplemented recently by a $90m Japanese Export-Import Bank credit to cover the inflationary rise in the cost of Japanese equipment.

Mr. Yuri A. Zakarov, chief of construction at the Neryungri pit, said that five giant excavators designed by the Marion division of Dresser Industries and manufactured under licence by Sumitomo in Japan have been unusable because the scoops keep breaking, apparently the result of a fault in casting.

The failure has however been critical because before the easily mined Neryungri coking coal deposits can be exploited, the Soviets must remove 240m cubic metres of rocky overburden which covers them. 35m cubic metres of which was to have been taken away this year.

Redesigning the scoop for the excavators, each of which weighed 32 tonnes, and shipping the recast models to this remote Siberian settlement took from last August until January of this year. Marion company representatives in Neryungri said that the excavators were ready to be put into operation but Mr. Zakarov said that they could not be used until May, putting excavation behind schedule by 20m cubic metres, a lag which he said "could snowball."

The excavators were the first half of an order for ten giant excavators placed by the Soviets with Marion. Each excavator cost Roubles 3m and was to have been able to remove 5m cubic meters of overburden a year.

The cooperation agreement with Japan on exploitation of the coking coal deposits at Neryungri was one of seven joint Soviet-Japanese joint Siberian development projects and its success or failure will have an effect on other cooperation possibilities which presently include joint development with the U.S. of the vast South Yakutia natural gas deposits.

# UK-Czech trade talks begin

By Paul Lendvai in Prague

A REVIEW of growth prospects for British-Czechoslovak trade and examination of the possibilities for the exchange of know-how will be among points Mr. John Smith, Britain's Secretary of Trade, will discuss with Mr. A. Barczak, the Czechoslovak Minister of Foreign Trade.

Mr. Smith, who arrived here yesterday, is the first British Cabinet Minister to visit Czechoslovakia for almost three years. Apart from talks with senior Czech officials, he is also expected to visit Interkamera 79, an international exhibition at which 120 exhibitors, 16 British, are displaying photographic equipment.

Although British exports to Czechoslovakia last year were up by 12 per cent on 1977 at £73m, there is plenty of room for expansion. The last relatively large contract awarded to a British company was an £8.5m order for a seamless tubes plant in 1977. It is this special factor which contributed to the good performance last year.

According to British figures, Czechoslovak exports, although down by £1m to £85m, still yielded a comfortable surplus in favour of the Czechs. However, the Czechs dispute the figures and produce statistics showing that there was once again a UK surplus.

# Aircraft leasing compromise bid

OUR TOKYO CORRESPONDENT

...N'S Ministry of Finance, ...try of International Trade ...ndustry (MITI) and other ...rned agencies are seeking ...reement which would allow ...uation of the leasing of ...ft to foreign airlines under ...'s emergency import pro...me.

...spite of reservations on the ... of the Finance Ministry, ...ears that a compromise on ...ing U.S. air carriers to ...t from the leasing scheme ... also be possible.

...jections to continuing the ...amme arose at the Finance ...try when it became public ... the leasing companies ...selves were profiting hand...y from the low-cost Export ...nport Bank financing made ...ble to them in making ... with foreign airlines.

...ther, the Finance Ministry felt that extending the programme to U.S. companies would not be apropriate because such "imports" from the U.S. for a U.S. destination would not show up on the Japanese trade balance.

MITI, however, feels there should be no problems in counting the aircraft as imports. It is also believed ready to compromise on the interest rate structure, although officially the MITI position favours a continuation of the programme in its present form.

When the programme began last year, leasing companies were able to use Exim Bank foreign currency funds borrowed at 6 per cent per annum to lease at 8.25 per cent. The Americans began pressuring Japan to allow its carriers to participate because of the competitive advantage gained by Europeans who have taken advantage of the scheme for planes destined for Atlantic Ocean routes.

While MITI would like to come to a decision as quickly as possible the Finance Ministry feels there is no reason an agreement must be reached before the start of the fiscal year on April 1.

MITI hopes the aircraft programme will account for a large part of the emergency imports planned for the next year.

# Russian-Indian trade

BY K. K. SHARMA IN NEW DELHI

THE ANNUAL trade turnover between India and the Soviet Union is to be doubled to Rs 30bn (£2bn) by 1985 in terms of last week's agreements between the two countries.

This makes Russia the largest single trading partner but officials explained that imports from Europe and Western countries will not be affected.

The new items identified for import from Russia are not among those normally purchased from Europe, especially the 14 categories of capital goods the import of which will now be freely allowed. The bulk will still come from Europe, Japan and the U.S.

The major part of Russian imports will be increased supplies of crude oil and petroleum products.

Other new products to be imported from Russia include fertilisers, non-ferrous metals, cement and newsprint.

It is estimated trade turnover this year between India and Russia will be £12bn and this will rise to Rs 15bn next year. Rapid increases are planned thereafter.

# ...ank officials to resume ...oan talks in Peking

...KYO — The Bank of ... said yesterday that two ... officials will go to Peking ... to resume negotiations ... the Bank of China on a ...sed Japanese syndicated ...of $2bn (£1bn) and a $6bn ...nce facility.

...k vice-president Yasushi ...nabe and Asian Depart... director Taiki Kato will ...ss terms, on which the two ... failed to agree in recent ... in Tokyo.

...e 22-bank syndicate pro... interest of Libor plus a ... per cent margin for the ... and Libor plus 0.375 per ... for the refinance facility, ...e Bank of China claimed ... Western nations were ...ng lower rates.

The syndicate had hoped the Bank of China would accept the Japanese offer after its delegation reported to Peking on the Tokyo talks, the Bank of Tokyo said. But the Bank of China asked the syndicate to send representatives to Peking for further negotiations.

Meanwhile, the Japanese Association for International Trade Promotion denied Press reports that visiting Chinese Vice-Minister of Foreign Trade Liu Xiwen had agreed to a Japanese proposal for deferred payment facilities, half in yen supplied by the ExIm Bank and half in commercially-raised dollars.

Reuter

# ...opes fade for agreement ...n GATT safeguards

... BRIJ KHINDARIA IN GENEVA

... EEC and the developing ...ries are still no nearer an ...ment on the GATT safe...ls clause which has been a ...al issue throughout the ... Round of the multilateral ... negotiations. This clause ...icle 19 of GATT—allows ...bers to limit imports when ... cause or threaten to cause ...us injury to a particular ...stic industry.

...cause of the impasse it now ... as if the developed nations ...preparing themselves for a ...o Round package without ... agreed safeguards code. ...munity officials say they ...eady to live without a safe...ds code if they cannot nego... a workable one.

...e EEC wants to be able to ...y the safeguards selectively ...view which has all along ... rejected by the other nego...rs. Though the EEC has ...ly persuaded the U.S. to ...ot the principle of selec... it is still in dispute with ... developing countries who ... now putting forward ...ous conditions under which ... would accept a form of ...tivity.

...lks between the EEC and ... developing countries are ... stalled. This is because the ...r is arguing that if the ...rting country is to be ...ved to impose curbs against ...petition from cheaper pro...s from poorer countries ... its should simultaneously ...rict imports from all those ...tries which supply larger ...ntities.

...is, for example, would ...n that if the Community ...osed curbs against textile ...orts from Singapore it must ...ultaneously restrict imports ... countries that supply ...er quantities than Singa...e. Such an obligation would in effect hit imports from the Community's developed country partners.

The demand raises delicate problems. If the Community rejects it then it would appear to be discriminating against the Third World by curbing only developing nation imports while leaving imports from richer nations untouched.

The Common Market argument is that imports from poor and richer nations are not comparable, because manufacturers in the poorer countries enjoy unfair advantages compared to industrialised country enterprises since they have access to very cheap labour.

Because of this and other differences such as social security, pensions and health insurance costs, imports from poorer countries make unfair inroads into Community markets by providing competition that local manufacturers cannot hope to match.

But when imports from developed nations erode the market shares of domestic producers their greater competitiveness is attributed to better management and other similar factors which in the EEC's view cannot be considered as grounds for restraining competition.

The developing nations are stubbornly resisting this argument and have branded it as an attempt to discriminate against those newly industralised countries which manage to compete on both quality and costs with industrialised nation producers.

They add that since the code sought by the Community is aimed primarily at developing country exports, failure to reach agreement would be a greater loss to the Community than to the exporters.

# ...Angola-Volvo ...ccord signed

...y John Walker in Stockholm

... AGREEMENT has been ...ned between Volvo, the ...edish car and truck manu...turer, and the Transport ...istry in Luanda, Angola, for ... supply of 400 buses and ...vy trucks, machine shop ...ipment and spares.

The value of the contract is ...d to be SKr 106m (£12m) ... is the second large contract ...ced with Volvo in the last ... years by Angola. Volvo will ... up a technical centre to ...ain drivers, mechanics and ...her personnel.

# Argentina buys U.S. DC-9 jets

By Michael Donne, Aerospace Correspondent

McDONNELL DOUGLAS of the U.S. has won an order for five DC-9 Super 80 twin-engined jets from Austral Lineas Aereas of Argentina, worth about £35m. Delivery will begin the second quarter of next year.

The deal brings to 83 the number of DC-9 Super 80s ordered or on option. This is the latest version of the DC-9, designed for lower noise and fuel consumption through the 1980s and beyond. Total orders for all versions of the DC-9 have now reached 1,040 aircraft.

# Tesco buys Gubay's Irish holding

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

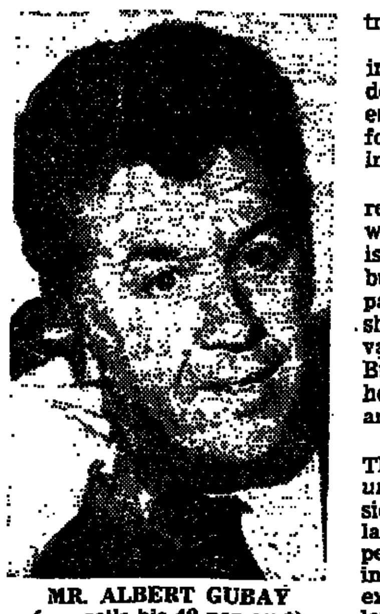
TESCO'S PARTNERSHIP with Mr. Albert Gubay to spearhead an aggressive grocery retailing campaign in the Republic of Ireland was dissolved yesterday, only three months after its formation.

Mr. Gubay, former head of the Kwik Save discount grocery chain in the North of England, exercised an option to sell Tesco the remaining 49 per cent shareholding in his Three Guys company. Tesco had bought a controlling interest last December.

Mr. Gubay is understood to be likely to receive about £5.3m for his shares.

His parting from Tesco was not entirely unexpected. The original partnership between the conflicting personalities of Mr. Gubay and Mr. Leslie Porter, Tesco's chairman, had surprised most of the grocery trade.

It appears that it ended not because any particular disagreement between the two men but because Mr. Gubay gradually appreciated that he was no longer running his own business. His style in building up first Kwik Save, then the Three Guys chain in New Zealand and latterly in Ireland, had been largely based on his entrepreneurial flair. This obviously conflicted with the management controls that Tesco needed to operate from England.



MR. ALBERT GUBAY (. . . sells his 49 per cent)

Mr. Gubay's retailing career has been controversial. In the late 1960s and early 1970s his Kwik Save chain showed remarkable growth. In 1970 the group went public: but two years later Mr. Gubay quietly sold his shares in the company—netting at least £4m—and moved to New Zealand.

There he upset local traders by establishing an aggressive limited range discount chain called Three Guys. Having built it up to become a significant force in New Zealand retailing, he switched his ambitions to Ireland, where he launched a new Three Guys chain and again upset local traders.

Tesco, which had been looking for expansion for some time, decided to acquire Mr. Gubay's entrepreneurial flair plus a foothold in the rapidly expanding Irish market.

However, their different retailing philosophies did not work out in practice. Mr. Gubay is understood to have tried to buy back control of the company for more than he sold the shares, since the company's asset value had risen substantially. But when Tesco refused to sell, he decided to exercise his option and sell it the remaining shares.

Tesco plans to keep the eight Three Guys stores trading under that name but may consider converting some of the larger sites for which planning permission has been obtained into Tesco superstores. It expects to have at least 25 outlets operating in Ireland when present expansion plans are completed.

*Mr. Gubay is understood now to be considering establishing a limited range discount chain in the U.S., possibly under the Three Guys name.*

The final purchase price of his stake in Three Guys has still to be worked out, but Tesco has already placed 8.9m ordinary shares with institutions to finance the deal. It emphasises that the total cost of its investment in Three Guys will not exceed the net asset value of the company.

# Study plan for new economic council

By John Elliott, Industrial Editor

PROPOSALS for the setting up of a new National Economic and Social Council which are supported by a number of senior industrialists are to be examined in a two-year research programme on government and industry by the Policy Studies Institute.

This follows an initiative launched a year ago by Sir John Pile, chairman of the Imperial Group, who yesterday announced that the research is to take place.

During the past year Sir John's ideas for the new council have received support from various industrialists including Sir Peter Parker, chairman of British Rail. . .

The council would represent all parts of British society and would advise the Government and Parliament on industrial and economic policy matters. Speaking yesterday at his company's annual meeting Sir John said that the council would have the right to be consulted on any proposed legislation affecting industry and to make its views known on new and existing laws.

## Powers

It would, therefore, have wider powers than the present National Economic Development Council because it would study policies before they were implemented. Its membership would also be broader based.

In some ways the council would be similar to the economic forum which the Conservative Party and the Confederation of British Industry have proposed. But its remit would be wider because it would examine industrial as well as economic policies.

The research programme to be carried out by the Policy Studies Institute (formed last year by a merger of Political and Economic Planning and the Centre for Studies in Social Policy) will be partly funded by the Imperial Group and by the Dutch-based European Cultural Foundation.

The research team will be led by Professor David Coombes, the Institute's senior research fellow, backed up by an advisory group of specialists and will range over the funtions and relationships of Parliament, the Government and industry's representative organisations.

● FT CONFERENCE—WORLD ELECTRONICS

# First Inmos chips by August

BY JOHN LLOYD

THE FIRST chips to be produced by Inmos, the £50m microelectronic company financed by the National Enterprise Board, will be available in test quantities in August, Dr. Richard Petritz, the company's managing director, told the Financial Times conference on World Electronics yesterday.

They would be made at its U.S. base in Colorado Springs, which would manufacture the chips for the first year of their life. Only then, "after they have been debugged," would production be transferred to the UK, where 4,000 jobs are expected to be created.

Dr. C. Lester Hogan, vice-chairman of the U.S. company Fairchild, Camera and Instrument, which in association with the UK General Electric Company (GEC) will establish a semiconductor plant in Cheshire within the year, to compete with Inmos, vigorously attacked UK Government policy.

He said that it was investing in a business that the private market was deserting because it found it unprofitable.

"The British Government would be well advised to create the conditions in this country which would allow individuals to make decisions about investment in semiconductor companies, rather than investing itself."

The GEC-Fairchild joint venture will itself, as Dr. Petritz pointed out, benefit substantially from Government aid, thought to be about £7m.

However, Dr. Hogan said: "If anyone can pull it off, the Inmos people can." It had assembled one of the world's best teams of engineers and designers.

The company had recently employed four of the world's top memory designers, and there had been 1,000 "first-class" applications for the 50 jobs advertised at the U.K. Technology Centre in Bristol.

In recent years, all new semiconductor companies had had to go to Governments or to large corporations for capital because the costs were too high for private investors.

"To get GEC-Fairchild to make up its mind will be more difficult than for me to make up my mind. I do not find myself hampered by the NEB in any way."

Inmos would make a range of innovative products, concentrating in the memory and microcomputer markets. A key feature of the company was its entrepreneurial make-up. Its employees could buy shares in it and profit from its success.

If the European economy were to survive, it would be by its "intellectual added value," Mr. J. G. Maisonrouge, chairman of IBM World Corporation.

Yet many industrial and developing countries had failed to understand that invention itself was not enough.

Innovation, the process by which an invention becomes practical and is diffused to many users, comes about through investment, product policy, pricing and market distribution.

"Over the years, one of the weaknesses of Europe has been the lack of strong co-operation between universities or national institutes of research on the one hand, and industry on the other. The inventor and the innovator hardly met."

The first economic condition for developing a new technology was market demand. The second was free flow of information between markets and research centres.

Computer technology was increasingly meeting social needs. It was crucial in the conservation of energy, resources and capital, and was following demands for political decentralisation and increased democracy.

"The new Prestel system offers the opportunity to perform an interesting political experiment. In a few years you may be able to express political opinions through a home TV terminal. The English could be the first to approach a direct democracy."

Flexibility must be maintained if the industry was to withstand a "misdirected search for security." Companies must think in world terms: an open international flow of technical and business data must be preserved and workers, industry and Government must be flexible to cope with change.

MR. J. MAISONROUGE "... intellectual added value

Mr. C. C. Fielding, chief scientist (Royal Navy) at the Ministry of Defence, said that defence requirements had been "an important" stimulus to microelectronics development.

"They have been very demanding, particularly in respect of the need to obtain high performance, compactness and reliability."

Although public attention had been focused on the microprocessor, other semiconductor developments were proving useful.

## Semi-conductors

They included electro-optics, which permitted thermal imagers for target sighting at night or in mist: lasers for highly accurate radar tracking: and surface acoustic-wave devices, making possible processing and coding of signals.

In future, development of very large-scale integrated circuits would allow increasingly powerful data processors to be built into military systems, especially in signal processing.

Computers would continue to have the largest impact, not only because, as they got smaller and smaller, they would pervade everywhere, but because "they will make possible the inclusion of more built-in intelligence in our weapon systems while at the same time forcing us to review our attitudes towards automation of our present manual-intensive tasks."

Industrial control was likely to be the most significant single application of microprocessors, according to Professor J. H. Westcott, head of Computing and Control at Imperial College, London.

"The overall level of industrial efficiency will be strongly affected by the extent to which microprocessors are exploited. After the initial impact, a rapid increase in sophistication of applications is to be expected which will often be provided at little extra cost."

The microprocessor allowed distributed processor control at remote points where it could be most conveniently managed. It would also take over many smaller control functions where minicomputers had hardly penetrated, and would be applied to mechanical-handling equipment of all kinds.

The real electronics revolution, which would enhance the productivity, health, knowledge and comfort of billions of people was only beginning, according to Dr. Rowland W. Schmitt, vice-president of corporate research and development of General Electric (U.S.).

The electronics companies that would succeed in serving the market would be those with a wide range of strengths, including expertise in integrated circuits and software, command of different technologies, and those which were responsive to users' needs.

Electronics created new markets, often with "old" products such as radios. Electronic successes were often found when electronics were combined with another technology, such as X-rays, satellites or lighting.

"Most of our electronics winners come from increasing the value of products or services through new features—as in motor drives or numerical control—rather than from merely using electronics to do pleasant jobs more cheaply."

# Manufacturing investment last year near 1970 record

BY DAVID FREUD

CAPITAL investment by manufacturing industry remained buoyant to the end of last year, figures issued by the Department of Industry confirmed yesterday.

The revised estimate of capital expenditure by manufacturing industry in 1978 shows a slight gain in the fourth quarter, after the high level reached in the third. An earlier provisional figure, showed a small final quarter decline.

There was a rise of about 8 per cent over the half year compared with 1977—in line with earlier Department findings.

The department says manufacturing investment was £982m in the last quarter of 1978 (at 1975 prices, seasonally adjusted). £14m higher than the provisional figure and £1m higher than in the previous three months.

Capital expenditure over the year as a whole was £3.85bn. About £367m of that amount represents capital goods acquired by manufacturers on finance leases.

This brought effective capital expenditure by manufacturers close to the 1970 record, when the effect of leasing was much less.

Nine of the 12 separate industries recorded increased capital expenditure between 1977 and 1978. There was a 60 per cent increase in the coal and petroleum industry, 40 per cent in vehicles, 25 per cent in the instrument and engineering group and 20 per cent in chemicals.

The only substantial fall was in iron and steel, down 30 per cent. Excluding this sector, manufacturing investment rose 14 per cent.

Investment in the distributive and service industries was £1.18bn in the final quarter, rather than the £1.15bn originally estimated.

Over the full year investment was £4.68bn, some £10m higher than provisionally estimated.

Capital expenditure on vehicles was 13 per cent up on 1977, spending on building rose 2.5 per cent, and on plant and machinery by about 10 per cent.

The level of stocks held by manufacturers, wholesalers and retailers rose by about £120m in the fourth quarter, slightly more than provisionally estimated. Stocks rose by about £915m over the whole year.

CAPITAL SPENDING AND STOCKS £M
(1975 prices, seasonally adjusted)

| | Fixed Capital Expenditure Total | Fixed Capital Expenditure Manufacturing | Stocks Total | Stocks Manufacturing | Stocks Retailing |
|---|---|---|---|---|---|
| 1977 | 8,296 | 3,573 | 737 | 442 | 29 |
| 1st. | 1,988 | 851 | 434 | 235 | 117 |
| 2nd. | 2,024 | 879 | 280 | 97 | 4 |
| 3rd | 2,111 | 910 | −145 | −6 | −59 |
| 4th | 2,174 | 932 | 168 | 116 | −33 |
| 1978 | 8,724 | 3,848 | 913 | 595 | 333 |
| 1st. | 2,150 | 923 | 181 | 38 | 62 |
| 2nd | 2,185 | 963 | 338 | 272 | 128 |
| 3rd | 2,212 | 981 | 274 | 175 | 54 |
| 4th | 2,177 | 982 | 121 | 111 | 89 |

*Source: Department of Industry*

# Clydebank shipyard may close

By Ray Perman, Scottish Correspondent

THE CHANCES of the Government stepping in with an order to save Marathon Shipbuilders appear slim. Now the Clydebank yard could close if it cannot find other work.

The situation was discussed last night at a top level attended by Mr. Anthony Wedgwood Benn, the Energy Secretary, Mr. Bruce Millan, Scottish Secretary, Lord Kearton, chairman of the British National Oil Corporation, and Sir Denis Rooke, chairman of the British Gas Corporation.

But they came to no conclusion on what to do to help Marathon.

The Government has assisted before, with a speculative order for a jack-up oil drilling rig in 1977, and suggested the two state corporations order a rig for their own exploration programmes in UK waters.

# Assurance on Orkney uranium mining

OPPONENTS OF uranium mining in Orkney were assured yesterday that a Government paper circulating at a public inquiry was only a "general declaration" of official policy and did not mean that mining would necessarily take place.

The paper stated that "it would be contrary to the national interest to rule out the possibility of identifying the size and quality of indigenous deposits and exploiting them to meet domestic requirements should strategic considerations dictate this course."

"We hope all this is not just a cynical charade and a sham of democracy," Mr. Ian Macinnes, representing the local heritage society, told the inquiry's chairman.

Mr. E. R. Eunson, convener of Orkney Islands Council, criticised the South of Scotland Electricity Board, which has asked for planning permission to carry out test drilling in Orkney, for not coming to the inquiry "better briefed" to answer their questions.

"If a body like that can advertise cookers and other appliances, why can't they provide us with small maps indicating their uranium exploratory projects" he asked.

The electricity board was unable to give figures showing how much uranium was under Orkney soil or explain how it would be extracted.

Mr. Maurice Sargent, director of planning for the Orkney Islands Council, questioned one of the board's representatives about the uranium reserves and on a figure of 5,000 tons given by the Institute of Geological Sciences.

Mr. Sargent asked why the board was not stockpiling uranium while its price was still relatively low abroad, so that Orkney's uranium need not be touched.

# Trade Ministry appeals against Slater acquittal

BY JAMES BARTHOLOMEW

THE DEPARTMENT of Trade yesterday made a second attempt to have Mr. James Slater, former chairman of Slater Walker Securities, convicted for breaching the Companies Act during 1973 and 1974.

The Department appealed against the decision of the City of London Magistrates Court in 197 which cleared Mr. Slater of breaching section 54 of the Companies Act 1948. This important section of the Act has been revised in the Companies Bill now before Parliament. Under this section it is illegal for a company to make a loan to another company for the purpose of buying shares in the first company.

According to Mr. Harry Woolf, counsel for the Department, Slater Walker, the banking arm of Slater Walker Securities, made loans amounting to more than £4m to Bion Securities between 1973 and 1974. This was not part of the Slater Walker group but it was "dominated" by Mr. Slater. The loans were used to buy shares in Slater Walker Securities so that they would be available for use of the group.

"It could be described as warehousing," said Mr. Woolf.

Mr. Slater was cleared in the magistrates court because of a proviso in section 54 which exempts loans where the lending of money is in the ordinary course of business of the company and where the loans in question are in the ordinary course of business.

But Mr. Woolf claimed yesterday that this exemption was not intended to apply to cases such as that of Mr. Slater.

Judgment on the appeal, which was heard by Lord Widgery, the Lord Chief Justice, Mr. Justice Michael Davies and Mr. Justice Neill, may be given this morning.

# Brighton line £45m signals plan

BRITISH RAIL is to spend £45m modernising signalling on the Brighton line, where three people were killed last year as a result of a signalling failure.

The scheme, due for completion in 1987, will reduce the 55-minute London-Brighton journey time by five minutes. It will also result in the closure of 33 small signal boxes and the building of a new box at Crawley.

# Decision next week on TV soccer plans

By Arthur Sandles

HEADS of the 92 English and Welsh Football League clubs will decide next week whether to endorse a compromise solution to the row provoked by the London Weekend Television £5m deal for exclusive rights to League match coverage. Under the compromise, a form of alternation by BBC and ITV is suggested.

The London Weekend deal led to a considerable row and legal action by the BBC. Intervention by the Office of Fair Trading, and the prospect of a reference to the Restrictive Practices Court, has meant several weeks' secret negotiation.

It seems the compromise will please no one, but will be accepted as the best that can be done.

The deal, which could mean BBC and ITV paying £10m in four years to the FA, would give them Saturday coverage of League matches for two years each. In years when one had Saturday showing, the other would have Sunday.

This would mean disappointment. LWT would not like losing the exclusivity it once had; the BBC will have to accept alternation, a principle it has traditionally refused to discuss; and League clubs would still have two days' televised play, which many clubs wanted to reduce, believing the game was over-televised.

# Warship trials

HMS INVINCIBLE, the largest warship built for the Royal Navy since the 1950s and launched by the Queen in May, 1977, leaves Vickers Shipbuilding group's Barrow Works on Monday for sea trials.

● NEWS ANALYSIS—UNDERWATER ENGINEERING

# Hiring North Sea expertise

HAVING TAKEN the initiative, and the risk, in getting microelectronics off the ground in Britain, the National Enterprise Board has decided to take the plunge into underwater engineering, another area of high technology.

Instead of starting from scratch as it did with INMOS, the NEB underwater engineering venture has been built round the assets of parts of Vickers' offshore engineering division.

The venture bears a close similarity to INMOS in that it is buying in specialised management expertise, a precious commodity in this relatively new area.

As part of its policy of diversifying out of traditional industries like shipbuilding and heavy engineering, Vickers decided in the early seventies to develop servicing facilities in the North Sea.

It looked a promising activity at the time, and with setting-up of Vickers Oceanics support vessels were acquired and Vickers was first in the North Sea with submersibles.

While the North Sea proved a bonanza for the oil companies, however, many servicing and supplying companies found it less rewarding.

Vickers Oceanics, as principal operating company in the offshore engineering division, soon found that it was not going to have the North Sea to itself.

New entrants helped build up overcapacity, and competition became intense. In an activity both capital- and labour-intensive, insufficient business soon began to lead to losses.

Vickers' managing director, Sir Peter Matthews, recently described Oceanics as "a classic case from which we have learned a painful lesson. Vickers invested heavily in the submersible industry on an assessment of a potential market.

"The plain fact is that we developed a potential for which there is insufficient demand."

In 1977 the division lost £2.8m, and last year the loss was nearly £6m. In the autumn Vickers approached the NEB to see if something could be worked out.

Officials at the NEB had already done a study of the sector, and say they were "not surprised" when Vickers came to their door.

It seems likely, although neither the NEB nor Vickers is willing to confirm it, that at this stage Vickers hoped to offload Oceanics and retain its more promising offshore engineering outlets.

These include attractive research, development and manufacturing facilities at Slingsby, Yorks. Vickers-Intertek, which has got to the prototype stage with its subsea wellhead encapsulating chamber, and underwater explosive welding for repair and jointing of pipelines.

The NEB's strategy in setting up British Underwater Engineering is that Britain should have a presence in these developing technologies, both for application in the North Sea and in other parts of the world.

To do this it required all the interests owned by Vickers. In return Vickers has been paid £5.5m, much of which it is hoped to recoup from the sale of up to half the fleet of five support ships and nine submersibles.

BUE will be managed by Wharton Williams (2W), which is a joint venture between Wharton Williams and Taylor Diving and Salvage, a member of the American Halliburton group.

The two key people involved in it will be Mr. Ric Wharton and Mr. Malcolm Williams. Two years ago they broke away from French-owned Comex Diving to set up their own business in Aberdeen. It has an annual turnover of £15m.

With this sort of track record the NEB hopes that BUE to be in Aberdeen (Vickers Oceanics operated from Leith) will be turned round into a profitable operation.

With an initial equity base of £6m, the aim is to make the group self-financing. Once its base is seen to be sound, expansion into related activities is planned, and for these, funding from the NEB and its other partner in the operation, Brown and Root (UK) will be available.

The financial return set for BUE has not been divulged, but once it has been achieved Brown and Root and Wharton Williams, with an initial 11 per cent shareholding between them, can expand their equity stakes to a maximum of 24.5 per cent each.

In other words, if the venture is a success Mr. Wharton and Mr. Williams, like their counterparts in INMOS, will be wealthy men.

In the meantime the Brown and Root connection is designed to bring the group international marketing and management experience. A senior manager of Brown and Root, Mr. David Sadler, has been named as managing director of BUE.

With this combination the NEB believes that it can turn a loser into the British flagship of underwater engineering.

# Furniture sale tops £300,000

By Pamela Judge

ENGLISH furniture under the hammer at Christie's in London yesterday made £314,950. Top lot, at £36,000, was a George I scarlet lacquer bureau-cabinet decorated with exotic chinoiserie scenes, which went to Blairman.

A late George III satinwood secretaire-cabinet was bought by Asprey for £16,000, and a George III satinwood desk fetched £12,500. Cameras and dolls sold at Christie's South Kensington made £18,688 and £17,626 respectively.

Sotheby's main sale of the day—of British drawings and watercolours—totalled £144,720. The highest price was £15,000 for a volume of watercolours by William Daniell, containing views of the Rhone valley and Mar-

## SALEROOM

seilles, dated 1836. A Gainsborough wooded landscape made £13,000, and another £9,000.

Silver sales totalled £117,203. Rare Art Inc. successfully bid £8,500 for four George III oblong entree dishes and covers. Bloomstein gave £8,000 for a pair of George III oval vegetable dishes and covers, and T. Lumley bought a pair of Queen Anne table candlesticks for £6,000.

Day two of the book sale realised £21,002, with two volumes of a limited edition of poems by Keats—with wood-engraved borders and initials by Charles Ricketts—making £2,400.

A world record auction price for a piece of Lalique glass was paid in New York on Wednesday when Phillips sold a frosted glass vase, applied with green glass frogs, for $26,000 (£13,000). The Moore collection of Lalique made $103,940 (£51,970).

In London yesterday a Sarouk rug made £2,600 at Bonhams.

# Bordeaux wine collection fetches £9,100

By Edmund Penning-Rowsell

THE CENTRAL feature of Chirstie's fine Bordeaux sale yesterday was 82 cases of 13 different vintages of Ch. Magdelaine from 1952 to 1975.

Although this is a leading St. Emilion, owned by the J. P. Moueix company which has several St. Emilion and Pomerol estates, it is much better known on the Continent than in Britain or in the US.

Six double-magnums of '55 made £310, six magnums of the '61 fetched £350, while six magnums of the '66 went for £155. Most surprising was £125 per dozen bottles for the '75. The total for the collection was £9,100.

# M3 money supply jumps by 5% in four months

STERLING M3, the broadly defined money supply, including cash and bank current and seven-day deposit accounts, rose by 1.1 per cent (seasonally adjusted) in the five weeks to February 21, for a rise of 5 per cent over the first four months of the latest target period to October.

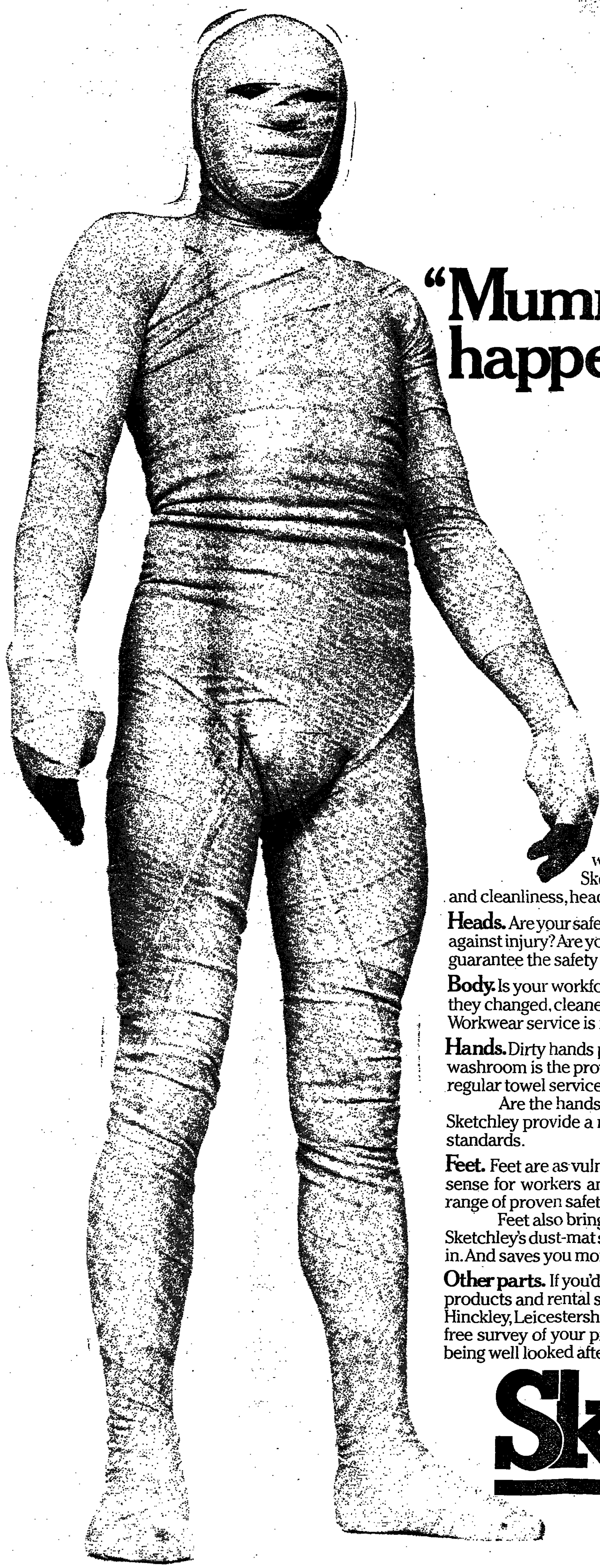
The narrowly defined money supply, M1, rose by 1.4 per cent in the month to mid-February: the increase was mainly in the non-interest-bearing component and included a large rise in the amount of notes and coin in public circulation.

GROWTH OF MONETARY AGGREGATES (£m)

| | Money Stock M1 Unadjusted | Money Stock M1 Seasonally adjusted | % | Money Stock M3 Sterling Unadjusted | Money Stock M3 Sterling Seasonally adjusted | % | Bank lending* Unadjusted | Bank lending* Seasonally adjusted | Domestic credit expansion Unadjusted | Domestic credit expansion Seasonally adjusted |
|---|---|---|---|---|---|---|---|---|---|---|
| 1978 | | | | | | | | | | |
| June 21 | −309 | −94 | −0.4 | 208 | 148 | 0.3 | 642 | 536 | 522 | 313 |
| July 19 | 763 | 409 | 1.7 | 935 | 514 | 1.1 | 1,006 | 559 | 644 | 110 |
| August 16 | 134 | 14 | 0.1 | −496 | −480 | −1.0 | −164 | 264 | −366 | −290 |
| Sept. 20 | 138 | 509 | 2.1 | 479 | 570 | 1.2 | 12 | 204 | 545 | 714 |
| Oct. 18 | 487 | 251 | 1.0 | 543 | 521 | 1.1 | 409 | 352 | 574 | 541 |
| Nov. 15 | 30 | −62 | −0.2 | 246 | 109 | 0.2 | 284 | 346 | 127 | 120 |
| Dec. 13 | 987 | 390 | 1.6 | 952 | 492 | 1.0 | 10 | 398 | 1,245 | 826 |
| 1979 | | | | | | | | | | |
| Jan. 17 | −544 | 494 | 2.0 | 334 | 1,285 | 2.6 | 1,207 | 507 | 355 | 897 |
| Feb. 21 | −215 | 366 | 1.4 | −24 | 538 | 1.1 | 1,136 | 1,007 | 393 | 1,070 |

* To private sector in sterling including Bank of England Issue Department holdings of commercial bills

*Source: Bank of England*



# Fleet St. tax amnesty faces court challenge

BY JAMES McDONALD

THE 50,000-STRONG National Federation of Self-Employed and Small Businessmen was given leave in the High Court yesterday to challenge the legality of the Inland Revenue offer of a tax "amnesty" to between 4,000 and 5,000 casual workers on Fleet Street newspapers.

Mr. R. J. Harvey, QC, for the federation, told the Queen's Bench Devisional Court that the federation was not seeking to criticise the Inland Revenue's "rigorous exercise of its duties in respect of the self-employed" but the contrast between that attitude and the "remarkable leniency and mercy" proposed to be shown to the Fleet Street casual workers.

Neither the Inland Revenue *nor any of the unions concerned* —the National Society of Operative Printers Graphical and Media Personnel, the National Graphical Association, and the Society of Graphical and Allied Trades—were represented at yesterday's brief hearing, but Lord Widgery, Lord Chief Justice, sitting with Mr. Justice Michael Davies and Mr. Justice Neill, said it would be open to them at the full hearing to submit that the federation had no legal standing to bring the case.

Mr. Harvey told the court that the federation understood that the "amnesty" concerned up to 5,000 casual workers and lost tax of about £1m a year. Provided that the casuals registered with the relevant tax office—London Provincial 24—by April 6 this year, and submitted full and accurate returns for the years 1977-78 and 1978-79 they would not be charged to tax before April, 1977, said Mr. Harvey.

Mr. Harvey said the federation was seeking to challenge the "amnesty" on two grounds: It was unlawful because it was an agreement not to collect tax: *and the Inland Revenue had* a duty to act in a fair and equitable manner to all.

The federation has submitted written evidence to the court of 13 instances of the methods of investigation adopted by the Revenue where there was a suspicion that tax had been underpaid. "It is the custom of the Revenue to take selected cases and investigate them with the utmost rigour," said Mr. Harvey.

Mr. Leonard Frank Payne, vice-president of the federation, in an affidavit read to the court that an Inland Revenue official had told the federation's political consultant the position of Fleet Street casuals was "special" and that *the* granting of the "amnesty" was a reasoned commercial decision on the facts of the case."

The federation's political consultant had also been told that there would be a "lot of problems" if PAYE was introduced.

Giving details of 13 "in depth" Revenue investigations concerning federation members "typical of hundreds," Mr. Payne submitted that these illustrated that where the Revenue *suspects that tax for past years* has not been paid in full, "they have the resources and will take steps to carry out investigations going back many years, even though the sums of money may be small."

The date of the full hearing has not been fixed, but it is not likely to be heard until the end of next month.

# Joint loads plan would 'halve cost' of shop deliveries

BY LYNTON McLAIN

HALF THE COST of distributing goods to High Street shops could be saved if companies agreed to combine deliveries. Sir Daniel Pettit, chairman of the Lorries and the Environment Committee, said yesterday. A further £110m could be saved by cutting delays in the reception of goods.

These are among the main findings of two reports researched by the National Materials Handling Centre and published yesterday by the committee. They were enthusiastically welcomed by the Freight Transport Association. Mr. Hugh Featherstone, its director-general, praised the "sharp realism about the proposals and said they provided a practical way of reconciling the lorry with environmental considerations."

Nearly half the value of deliveries to shops is accounted for by retailers in their own vehicles, one report said. As a result many companies failed to benefit from the economies attainable if they combined delivery with other retailers or manufacturers.

Such an approach could cut the capital investment needed for High Street transport and require fewer lorries.

Mr. Derek Jennings, of Marks & Spencer, said the number of lorries making non-food deliveries each week to some of its stores had been cut from 60 to 12 after planned consolidation of loads.

The Greater London Council is to become one of the first local authorities to evaluate and promote with large retail companies the report's recommendations on combining company loads. Mr. Martin Feulkes, an assistant chief planner, said the GLC would take one area of London and "pursue all the ideas to see which could be introduced permanently."

Difficulties at the point of delivery, which add to costs, could be partly eliminated by cutting queuing. This could save 12 per cent of delivery costs.

Local authority action to provide more convenient parking would save a further 7 per cent and better access and shop design could save more than 11 per cent.

The studies would greatly influence political decisions affecting lorries, Sir Peter Baldwin, Permanent Secretary at the Transport Department, said. The reports were far from being academic.

Mr. John Silbermann, president of the Road Haulage Association, agreed with the aim of persuading hauliers to combine loads.

*Improving Goods Reception* and *The Scope for Increased Consolidation, Lorries and the Environment Committee, 215 Great Portland Street, London, W1N 6BD; £10 each.* (Summarised version, free).

# NCB puts £300m into improving quality

By Roy Hodson

THE NATIONAL Coal Board is to spend more on preparation plants during the next six years to improve coal quality.

Sir Derek Ezra, the chairman, said yesterday that more than half the investment would be in the Yorkshire coalfield.

Altogether 47 new and reconstructed preparation plants will be commissioned by 1985. Seventeen of them valued at £175m, will be in Yorkshire.

Sir Derek was opening one of the first—an £18m investment at South Kirkby, near Barnsley. The output from three pits—South Kirkby, Ferrymoor, and Kinsley Drift—is to be processed by the new plant. It is estimated that it would handle more than 2m tonnes of coal a year by 1981.

The NCB is installing the preparation plants to reduce ash and water in coal. It was one of the main contributions of present-day technology, Sir Derek said.

Coal value is raised by 50p a tonne for each 1 per cent reduction in cash content achieved by pit-head preparation. An additional 35p a tonne can be achieved for each 1 per cent reduction in moisture content.

The new coal washeries can circulate all their water for re-use.

# Tory attempt to change insider Bill fails

BY ANDREW TAYLOR

THE FIRST attempt by Conservative MPs to modify the Government's proposed legislation on insider dealing in the Companies Bill failed by one vote at the Commons Committee stage yesterday.

The Tory amendment would have defined inside information as "information confidential to the company."

Mr. Tim Renton, Tory MP for Mid-Sussex, had argued that the Bill's definition of inside information—information not generally available which would be likely materially to affect the price of securities—was imprecise. It had given rise to doubts and difficulties, as expressed by the Council for the Securities *Industry and others.*

There were genuine fears, Mr. Renton said, that the Bill would "put into the category of potential miscreants a huge number of people who have, in fact, not acted in any erroneous way."

Mr. Cecil Parkinson, Conservative MP for Hertfordshire South, said that the Opposition agreed that insider dealing should be a criminal offence. But he feared the Bill might preclude the legitimate investment activities of employees and company directors.

Mr. Robert MacLennan, Under Secretary for Prices and Consumer Protection, said that the Conservative wording, "confidential to the company," was itself, too vague. The courts had so far failed to find an aceptable definition of the word "confidential."

The Government had proposed an amendment redefining inside information as information "not generally available."

The amendment states that information should be regarded as "generally available: it if is available on request to those members of the public likely to take an interest in it."

Mr. MacLennan said he preferred this approach to the Tory amendment, and believed it had broad support in the securities industry.

# Architects 'owed millions'

ARCHITECTS are owed millions of pounds in fees from Government-funded local housing associations that are unlikely ever to be paid, according to a report out yesterday.

The report, in the trade magazine, Building Design, says that the outstanding bill for 1978-79 alone is £7.35m. It says that the money, owed for home rehabilitation projects that fail to go ahead, cannot be paid by the associations because Housing Corporation grants are insufficient to meet consultants' fees on aborted schemes.

Although the Royal Institute of British Architects' code of practice bans speculative work undertaken without payment, the magazine says that many architects have been forced to take on such work because of the recession.

The magazine calls for radical improvements in funding and vetting procedures. It suggests that between 40 and 50 per cent of proposed housing association schemes are eventually abandoned.

# Budget rise in surcharge forecast

Financial Times Reporter

A BUDGET increase of 1.5 per cent in employers' national insurance surcharge is forecast by City stockbrokers Phillips and Drew.

In its latest economic circular the firm says this is probably how Mr. Denis Healey, the Chancellor of the Exchequer, will raise most of the £2bn necessary to keep the public sector borrowing requirement down to £8.5bn in 1979-80.

The surcharge increase would raise about £900m, while rises in specific duties are forecast to bring in a further £500m. The £600m shortfall would probably be recovered by holding present cash limits, effectively cutting spending.

The firm estimates that, with a 14 per cent increase in earnings in the current round, the 1979-80 public sector borrowing requirement would be £9.5bn-£10bn after indexation of personal allowances, but before indexation of excise duties in the Budget.

To reduce this to £8.5bn would require expenditure cuts or tax increases approaching £2bn.

CONTRACTS

# Wates to build £8.2m Southwark courthouse

WATES CONSTRUCTION has won an £8.2m contract to build a new courthouse in Tooley Street, Southwark, for the Property Services Agency, Department of the Environment.

The eight-storey building, to overlook the River Thames, will provide 14 Crown Courts, for which there is an urgent need in London.

There will be a public river walkway and the river wall will be raised for flood protection.

*

Volvo Concessionaires (part of the Lex Service Group), has ordered computer equipment worth £1m from INTERNATIONAL COMPUTERS for its High Wycombe headquarters. Based on two 2950 computers, the system will have direct lines to terminals in Crick and Ipswich.

*

A £750,000 contract for 450,000 in-flight meals has been awarded to TRUST HOUSE FORTE AIRPORT SERVICES, by the new British airline, Air Europe, for its first year of operation from Gatwick Airport.

# Courts clash likely over AEI pensions

BY ERIC SHORT

A CLASH in the courts between some members of the Associated Electrical Industries pension scheme and the trustees of the scheme seems unavoidable after yesterday's announcement that the Occupational Pensions Board had approved plans by General Electric Company, the holding company of AEI, to change the trust deed and transfer further assets out of the fund.

GEC acquired AEI in 1968 after a bitterly disputed takeover battle. Since then it has made changes to the benefit structure of the AEI pension scheme and given AEI employees the opportunity of transferring to the GEC pension scheme.

The majority of members have accepted this offer, which has up to now involved GEC in a certain amount of expense.

Under the terms of the trust deed GEC has been able to transfer only the value of the accrued pension rights on a current salary basis, instead of the full actuarial value, a much higher figure.

So GEC applied to the Occupational Pension Board under Section 64 of the Social Security Act 1973 to amend the trust deed of the AEI scheme to permit full transfer.

A hard core of former AEI employees has remained opposed to the actions of GEC and have formed the AEI Pension Fund Members' Action Committee to fight any changes in the scheme rules.

They have stated, after taking counsel's opinion, that the Occupational Pension Board has no real jurisdiction in this matter and that changes in the trust deed must conform to trust law.

This committee, complying with the 1973 Act, intends to ask the board to review its decision of approval. Should this fail the committee intends to take legal action.

Such legal action, where trustees of pension schemes are sued, is extremely rare. The most famous case occured two years ago when a member of the London Co-operative Society pension scheme sued the trustees and effectively won his case.

# Quieter aircraft will pay lower landing fees

LANDING FEES at Heathrow, Gatwick and Stansted will rise by 6 per cent from April 1, to meet rising operating costs.

However, airlines using quieter "new generation" jets will qualify for rebates according to size and weight. The British Airports Authority intends progressively to widen the differential between rates for quiet and noisy aircraft at the three south-east airports.

The authority said a Boeing 707 would pay £221 under the new scale against £187 at present, but that an Airbus A-300 would pay £174, only £1 more.

There will also be big differences between peak and off-peak rates.

Peak hour charges at Gatwick will be 25 per cent cheaper than at Heathrow.

# Plea for church admission fee

ENGLAND'S CATHEDRALS and greater churches attracting 20m tourists a year, the English Tourist Board says. Yet the average visitor's donation to the upkeep of "these very expensive buildings" is 3p.

In a report indicating the importance of cathedrals and historic churches to tourism, the board recommends that they charge for admission, at least in the tourist season. Of 41 cathedrals studied by the board, 24 charged for admission to part of the building.

# Record export year for Scottish tweeds

BY RAY PERMAN, SCOTTISH CORRESPONDENT

EXPORTS OF Scottish tweeds and woollens were worth £32m last year, a record figure and more than half the industry's total production.

Output of cloth fell slightly in 1978 to 15.22m square *metres*, but exports increased by over 4 per cent. West Germany was still the largest single customer, but EEC countries overall accounted for 54 per cent of overseas sales.

The National Association of Scottish Woollen Manufacturers said that sales of Scottish textiles — mainly high-quality tweeds and knitted garments — to the U.S. were still increasing in spite of high tariffs.

Scotland now exports 30 per cent of British woollens to the U.S., although the industry represents just 14 per cent of the total UK production.

The association said in its annual report: "Expanding markets are a must for survival. Within the EEC we have seen a drop in wool textile production levels while at the same time the list of cloth-producing countries is constantly being augmented—South Korea and the Argentine are two of the newcomers.

"Our strength as a result must increasingly lie in the effectiveness of our marketing operation and for this reason the merging of the association and the Scottish Woollen Publicity Council is of particular importance."

# Marconi heads group to make Tornado gear

BY OUR AEROSPACE CORRESPONDENT

A TEAM of European companies, led by Marconi Avionics of the UK (a member of the GEC-Marconi Electronics group), has been given initial funding to manufacture a "pre-series" batch of automatic test equipment for the Tornado multi-role combat aircraft.

The deal is said to be worth tens of millions of pounds. The other companies involved include Siemens, of West Germany, and Selenia, of Italy, as joint prime contractors with Marconi Avionics, partnered by Rhode and Schwarze, of West Germany, and British Aerospace's dynamics group.

The equipment will be designed to test on the ground all the systems of the Tornado, the supersonic twin-engined fighter now in quantity production for the RAF, the German Air Force and Navy, and the Italian Air Force. A total of 809 production aircraft will be built.

The number of automatic test equipments will be smaller than that, but still sufficient to enable the Tornado to be adequately supported in front-line operations

# Highlands wants £1.5bn reactor

BY DAVID FISHLOCK, SCIENCE EDITOR

THE HIGHLAND Regional Council has launched a campaign to persuade the Government to speed plans for a large demonstration fast-breeder reactor, probably costing at least £1.5bn, and to build it in Caithness, *north-west Scotland.*

Caithness, it says, needs a new project large enough to counter the high unemployment rate of the region — 13.5 per cent in Wick, its biggest town, and 9.5 per cent in Thurso.

There is no possibility of the Caithness economy expanding fast enough to reverse the growing unemployment rate, it says. Efforts to attract oil-related industry have been relatively unsuccessful.

The council contends that the 1,300 Mw commercial demonstration fast reactor is needed "as a matter of urgency" to secure UK energy independence in the future.

It wants the Government to locate it at Dounreay, where the UK Atomic Energy Authority employs about 2,000 people and has developed the technology through experimental and prototype versions of the new reactor.

Nuclear energy has rescued the area once from industrial and social decline. But without the guarantee the new project could offer the revival would be "undone," the council says.

"A thriving community which has done so much to ensure the future comfort and prosperity of the whole country might itself be allowed to stagnate and die."

The council plans to present its proposals to MPs and the EEC Commission in Brussels.

The Government intends to start construction of the commercial demonstration fast reactor about 1984 after a public inquiry and perhaps three years of detailed design.

The project is now expected to be a "second-generation" reactor, more advanced technically than the French Superphenix project, scheduled for completion in 1983. It may also include complete fuel cycle facilities so that its plutonium fuel need never leave the site.

The most obvious objections to locating the project at Dounreay are that it would be outside the province of the Central Electricity Generating Board, the main potential customer for the system, and far from a centre large enough to absorb its electricity.

# UK NEWS—LABOUR

## Civil servants stop work over staff suspensions

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVANTS closed some security and employment offices yesterday in protest at the suspension of 39 clerical staff at the Scottish Office. A further 14 are due to be suspended today.

The main effects of the strikes, which were in addition to the continuing campaign of selective action over pay aimed mainly at halting Government computers, included:

- Closure of the Department of Health and Social Security computer at Newcastle, which handles all UK national insurance records;
- About 40 local health and social security offices were closed, including ten in Liverpool, where about 1,000 staff walked out at lunch-time.
- A small number of local Department of Employment offices were closed;
- Customs controls on international container traffic through Tilbury Docks were withdrawn, which unions expect will cause severe delays to imported freight;
- Customs officers on boundary duty at Newry, Northern Ireland, stayed on strike and traffic built up;
- More Scottish court staff were called out to try to prevent emergency Government legislation on deed stamping having effect.

Mr. Denis Healey, Chancellor of the Exchequer, announced that holders of Government securities issued or administered by the Department of National Savings who have lost interest due to a strike by computer operators at Lytham would be paid compensation.

The National Federation of Building Trades Employers warned that there were signs some building firms were laying workers off because of civil service strikes over pay which have halted VAT repayments by closing the computer centre at Southend.

Both the Civil and Public Services' Association and the Society of Civil and Public Servants were yesterday considering further escalation of the strikes if a meeting on pay with Lord Peart, the Lord Privy Seal, on Monday fails to produce a satisfactory offer.

## Hospital call for pay study

BY OUR LABOUR STAFF

**PROFESSIONAL hospital staff, including physiotherapists, radiographers and dieticians, demanded an urgent pay comparability study yesterday as negotiations began, covering up to 25,000 workers in fringe medicine.**

**Staff side negotiators on the Whitley Council for Professions Supplementary to Medicine told Mr. David Ennals, Secretary for Social Services, that salaries in specialist groups had lagged behind.**

**The National and Local Government Officers' Association says that between May 1974 and April 1978 average earnings outside the National Health Service rose by 86.1 per cent, but those of the specialist group rose by only 47.91 per cent.**

**Half the group are said to earn less than £70 a week, which the union says is reflected in staff shortages.**

**Hospital laundry workers in Derbyshire have threatened to call for a strike by hospital ancillary workers throughout the county today if the health authorities send them home for cutting output to 50 per cent of normal.**

## Court attack on printing union

FINANCIAL TIMES REPORTER

THE "BLACKING" of some advertising copy by a print union is causing "overwhelming and enormous damage" to newspapers, a QC said in the High Court yesterday.

The union—the National Graphical Association — had decided that "no price is too high to achieve whatever its objectives may be—provided that the price is paid by somebody else," said Mr. Peter Scott QC.

He appears for six national newspaper groups in a case in which they and provincial newspaper groups, plus seven advertisers, seek injunctions against the union and its general secretary, Mr. Joe Wade, to end the blacking.

In some actions another union—the Society of Lithographic Artists, Designers, Engravers and Process Workers (SLADE)—is a co-defendant. Both unions oppose the injunctions.

Mr. Scott said the blacking was costing hundreds of thousands of pounds in lost revenue. There was no prospect of recovering this money from the NGA or anybody else.

The "blacked" advertisers, including Boots and Trust Houses Forte, took space in the Nottingham Evening Post, where the unions are in dispute.

The NGA says the blacking instruction was given under a union rule incorporated into employment contracts.

But Mr. Scott said the NGA misinterpreted the rule.

The rule referred to "material likely to assist an antagonistic employer." National papers competed for advertising, and no material in their offices was likely to help the Nottingham Evening Post, he said. The hearing resumes today.

- Leaders of the National Society of Operative Printers, Graphical and Media Personnel, and of the Society of Graphical and Allied Trades, will recommend their members to accept a 15.8 per cent pay offer from employers in general printing and provincial newspapers.

On Wednesday the NGA's executive council agreed to recommend the offer in a ballot.

### Dyer's appeal

Following yesterday's report on the West Yorkshire dyer who is appealing against the withdrawal of his union card, we wish to make clear that the TUC provides the secretariat for the independent review committee and not for the National Union of Dyers, Bleachers and Textile Workers.

## Jenkins on BNOC Board

PROMINENT Left-wing union leader Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, has been appointed to the board of the British National Oil Corporation by Mr. Anthony Wedgwood Benn, Energy Secretary. The part-time appointment lasts three years.

## Scottish teachers strike

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

ABOUT 40,000 Scottish teachers yesterday staged a one-day strike in protest against the offer of an 8 per cent rise plus a reference to the Standing Commission on Pay Comparability.

The strike was called by the 47,000-member Educational Institute of Scotland, the largest teachers' union north of the border, which claimed that nearly 750,000 children had been affected by the protest. The EIS is also angry that the Scottish negotiations are not due to reopen until April 2 — the day after the 1979 increase should come into force.

However, no similar action seems likely by unions representing 482,000 schoolteachers in England and Wales,

## Pay structure breakthrough is blow to engineers' negotiations

BY ALAN PIKE, LABOUR CORRESPONDENT

THE HISTORIC breakthrough earlier this month which achieved a sought-after national pay structure in the shipbuilding industry will have the ironic effect of making the current engineering wage negotiations more difficult to resolve.

British Shipbuilders inherited 40 separate bargaining units and negotiations throughout the year when the industry was nationalised 18 months ago. Conversion of the Confederation of Shipbuilding and Engineering Unions to the need for a single structure, culminating in acceptance of the principle at a conference three weeks ago, is seen by British Shipbuilders as one of the most hopeful industrial relations signs since the industry came into public ownership.

However, the new minimum rates in the national shipbuilding structure — £80 for craftsmen with proportionate payments for other grades — are identical to those which the confederation is also seeking in the engineering idustry.

Before the nationalisation of shipbuilding pay negotiations in the industry usually followed those in engineering and were settled on the basis of a similar agreement. With the timing of the two sets of negotiations now reversed, union leaders are arguing that the engineering employers should follow the example of British Shipbuilders and meet the £80 claim.

At negotiations on Wednesday, however, the Engineering Employers' Federation offered only £5 on basic craft rates rather than the £20 which would be necessary to raise them to £80. The engineering employers say that with their industry's two-tier pay structure, under which national increases are augmented by further negotiations at local level, there is no possibility of matching the shipbuilding settlement.

National pay negotiations in engineering are unlike those in most other industries since the

**NEWS ANALYSIS**

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**ENGINEERS**

minimum rates around which the unions base their claim do not reflect the actual earnings pattern in the industry. Only about 10 per cent of engineering workers actually take home the basic rates.

This week's offer by the employers to increase the craft rate by 8.3 per cent would therefore represent a much lower percentage increase in actual earnings. The national rates are important, though, because they are used to calculate overtime, shift, holiday and other premium payments for all workers. Increases in minimum rates also build up shop floor pressure for higher incentive payments.

A survey by the employers' federation showed that nearly 40 per cent of its 6,000 member companies reported a general increase in earnings as a result of the last national agreement, with half these companies reporting increases to more than half of their workforces.

On this basis, the employers told the unions this week that meeting the full claim for an £80 minimum craft rate would push average 40-hour week earnings to at least £100 — an increase of about 30 per cent on the figures for last October. In addition to having a severely inflationary effect, said the employers, such a settlement would force many companies out of business and cause substantial redundancy.

The unions rejected the employers' offer and, with no further negotiations planned, will consider their next move on April 12.

It is, however, not only on pay that the two sides are divided. Mr. Terry Duffy, the new president of the Amalgamated Union of Engineering Workers and chairman of the confederation's engineering committee, is dedicated to winning for his manual workers the same conditions of employment as those enjoyed by white collar staff.

Improvements in conditions, therefore, form a more than usually important element in the negotiations this year. The employers, however, have thrown the complex issue back in the unions' court—they say they cannot improve conditions for manual workers if this will simply lead to claims from the white collar unions to maintain differentials. Instead the federation is suggesting a joint working party to see whether an industry-wide approach to harmonisation of conditions can be agreed.

Like employers in other industries, however, one improvement in conditions which the engineering employers are determined not to offer in this economic climate is a reduction in the working week.

They are also looking for union support in improving the industry's productivity and cutting down unofficial strikes. During 1978, say the employers, 90 per cent of all reported stoppages were in breach of the industry's new streamlined procedure for avoiding disputes.

# Censure vote closer as Callaghan offers all-in talks

## Move to delay decision on devolution enrages Conservatives

BY JOHN HUNT

THE PRIME Minister's call in the Commons yesterday for all-party talks on the future of devolution met a chilly and sceptical response from Mrs. Margaret Thatcher, the Conservative leader.

The Tories were particularly angered at the prospects of further delay in deciding the issue.

There were angry jeers and groans from the Opposition when Mr. Callaghan told them: "The Government's intention is that such discussions should be brought to a conclusion one way or the other by the end of April at the latest."

Mrs. Thatcher recalled that when the Conservatives had suggested similar talks in February Mr. Callaghan had rejected them with the words "What a sham! What a shower!"

She commented: "It would seem therefore that the Prime Minister does not really believe in talks except when he finds himself in acute difficulty."

In view of this, the Conservatives were entitled to question whether his object was genuinely to explore the ways of making the Government of parts of the UK more attractive and closer to the people.

"It is not beyond the bounds of possibility that this is just a delaying device with a different end in view," she declared with irony.

Even if the Government runs for its full course until October, there will be only three months of Parliamentary time left, she said.

There were resounding cheers from the Conservatives when she told Mr. Callaghan: "It would be a cleaner and better way for this question to be considered by a new Parliament with a fresh mandate and longer lease of life ahead of it."

The best way for the House to proceed, she thought, was to debate the orders repealing the Scotland and Wales Acts and to decide their fate as a first step by a Commons vote.

She stressed that her party believed firmly that the present Scottish devolution proposals were no sound basis for constitutional change.

They had been approved by 33 per cent by the Scottish electorate, rejected by 31 per cent while 36 per cent did not register their vote.

Mrs. Thatcher was replying to the long-awaited statement by Mr. Callaghan announcing the Goverment's intentions on devolution in the light of the vote in the Scottish and Welsh referendums.

The Prime Minister announced that the orders repealing the Acts were being laid in the Commons. Parliament would be given a full and early opportunity to debate and decide the issue.

But before this happened there would be a "short intermediate stage" during which the Government would make formal approaches to all the other parties in the House to take part urgently in bilateral discussions.

The object would be to find a measure of agreement to provide for better government in Scotland, taking into account the result of the Scottish referendum.

Mr. Callaghan argued that if the House decided to repeal the devolution Acts, it would certainly not be the end of the matter.

The debate would continue, especially in Scotland where—he repeatedly emphasised — a majority of votes were cast in favour of devolution.

The Government had concluded that, before any irrevocable step was taken in Scotland, there should be one further attempt by the parties "to get the matter right."

The Government would be ready to consider carefully any modifications to the present Scotland Act or any other proposals that might emerge.

In the case of Wales, he conceded that the same uncertainties did not exist, as there had been a very heavy majority against devolution.

Nevertheless, he suggested, there might be further administration changes which would improve the quality of Welsh government.

To explore this, the Government would approach the other parties to see if it was posssible to get agreement on further devolutionary changes in Wales. These would have the same time limit of the end of April.

There were more jeers from the Conservatives when Mr. David Steel, the Liberal leader, welcomed the chance to take part in the talks. Devolution was an issue which would not and should not go away, he said.

"It is our view that interparty discussions will, in any case, be necessary to make progress on this issue, irrespective of whether there is a general election or change of government. We might as well get started on the process now."

Mr. Donald Stewart, leader of the Scottish National Party, said there had been a clear commitment in Labour's manifesto to create elected assemblies in Scotland and Wales.

There had been no ifs or buts about 40 per cent of the electorate being needed to vote in Scotland.

Mr. Stewart claimed that the Scottish people had given a decisive verdict in the referendum. Yet the Prime Minister was still not prepared to face the outcome of a vote on it in the House of Commons.

"He is prepared to treat the Scottish people with contempt rather than face an early election," Mr. Stewart alleged.

The Prime Minister was closely questioned by Mr. George Reid (SNP, Stirling and Clackmannan) about whether the Government would put on a three-line whip for the vote on the orders.

There was further scorn from the Opposition when the Prime Minister ducked this question and said that it was strictly a matter to be decided by Mr. Michael Foot, Leader of the House.

Mr. William Hamilton (Lab., Fife Central) said there was now a very expensive building standing empty in Edinburgh that was to have housed the Assembly.

He proposed that the 71 Scottish MPs who serve on the Scottish Grand Committee at Westminster should meet in the Edinburgh building to debate current legislation.

They should also be able to set up their own powerful select committees to investigate specific matters.

Mr. Callaghan replied that such a proposal might well come out of all-party talks. Certainly, the Government would approach such a suggestion with an open mind to see whether it was feasible.

But he refused to be drawn when Mr. Donald Anderson (Lab., Swansea E) asked him to list some of the options that the Government might have in mind for the interparty discussions.

The Prime Minister would say only that the Government had given consideration to what might be put forward and had prepared a small list.

Mr. Tam Dalyell (Lab., W. Lothian), the leading anti-devolutionist on the Government benches, said the Prime Minister should accept, that many people in Scotland had thought, rightly or wrongly, that an abstention in the referendum was the same as a No vote.

Mr. George Cunningham (Lab. Islington S), who was responsible for the 40 per cent rule being inserted in the devolution legislation, said that two-thirds of the Scottish had not supported devolution.

This was because people believed that local decision-taking should be on an all-British basis and not a partial basis.

There was a complaint from Mr. Jim Sillars (Scottish Lab Ayrshire S) of growing sourness and bitterness among the Yes voters in Scotland.

He wanted to know why "first past the post" voting decisions were acceptable in the Commons and had been used in the Common Market referendum, but did not apply to devolution.

A Welsh anti-devolutionist, Mr. Neil Kinnock (Lab. Bedwellty) warned that the period of reflection suggested by Mr. Callaghan should not become a period of prevarication.

Another Welsh Labour MP opposed to devolution, Mr. Leo Abse (Pontypool) said that even though a small minority in Wales had voted for the Assembly, they should not be totally disregarded.

He urged that the all-party talks should go ahead to see if something far short of the original assembly proposals could now be brought forward.

Mr. Callaghan chats to Portsmouth schoolchildren before leaving No. 10 to deliver his devolution speech

Terry Kirk

# Methven calls for general election

Sir John Methven

BRITAIN needs a general election—and soon, Sir John Methven, director-General of the Confederation of British Industry, told businessmen in Bristol last night.

*He said: "Without in any way* questioning the Prime Minister's provocative, let me make it clear that the uncertainty for the business world which the Parliamentary situation is creating needs to be ended."

Sir John told the CBI's South-West Regional annual dinner that Mr. Callaghan's Commons announcement on devolution, made five hours previously, might affect the timing of the election. But everyone knew that for the good of business, and thus the country, there should have been an election last autumn.

In the election, he said, candidates should take as priorities a drastic reduction of personal taxation, profitability, pay reform, a "calm but determined review of some aspects of industrial relations," and the need for fewer laws from the next Parliament.

Sir John warned Mr. Healey, the Chancellor of the Exchequer, of the dangers of again raising employers' National Insurance contributions, which cost private industry more than £2bn a year, to pay for tax cuts.

"It is a tax on the competitiveness of British companies. Such a move would benefit no one—except our trading competitors. It would be like a subsidy to the Germans or Japanese."

To use that tax again would be "deliberately setting out to increase our severe unemployment problems even more."

On the reform of industrial relations law affecting trades unions, Sir John said: "All parts of our society need to be under the law—in my view the unions are no exception to this.

"We can no longer as a nation afford to give them the privileged position i this respect, a position which this Government has surrendered to them in return for so-called pay moderation.

"As businessmen, as employers, we have a duty to be constuctive, however destructive others may be."

# Welsh win compensation for lung disease victims

THE announcement of a £5m compensation scheme for Welsh quarrymen suffering from respiratory diseases could brighten the Government's survival chances in the face of a Scottish National Party "no confidence" motion.

Plaid Cymru leader Gwynfor Evans said his party's three MPs who could tip the balance in the division lobbies, would be unlikely to help vote down the Government before they had seen details of the scheme.

Plaid Cymru has been pressing for compensation for the quarrymen for months, and the Government accepted a commitment to the principle in the Queen's Speech.

But the timing of the announcement, which came in a Commons written reply, and could not therefore be questioned or debated, angered some Tory MPs.

During Prime Minister's questions, Wyn Roberts (C Conway) condemned it as "a most despicable piece of bartering" with Plaid Cymru.

Mr. Callaghan rejected the criticism, and said that he had announced months before that the Government would try to find some way of compensating the quarrymen and other workers affected by the disease.

Announcing the scheme, in a written reply Harold Walker, Employment Minister said that the quarrymen, along with workers in textile and asbestos industries, foundries, and iron ore mines, could not get compensation through the courts because there was no surviving employer to meet the claim.

Legislation to allow the Government to make lump sum payments up to a £10,000 maximum will be brought in as soon as possible, he added. Later, he estimated that the scheme would cost about £5m in its first year, and would then drop off very sharply.

While giving a qualified welcome to the compensation scheme, two Plaid Cymru MPs last night described the timing of the Government's announcement as "totally cynical."

It made them doubt whether the Government would have done anything to help the quarrymen had it not been for the delicate balance in Parliament, they said in a joint statement.

Dafydd Wigley (Caernarfon), and Dafydd Elis Thomas (Meirionydd), whose constituencies include the major slate quarrying areas said:

"We have seen the Government make promises to the slate quarrymen in the past. Last July, they promised a scheme in 'weeks, not months.'

"We are therefore not going to judge these proposals until we actually see them in the form of a Bill in Parliament.

"There are several aspects of the problem which are not covered by the Government statement made today.

"We shall want the Bill to include provisions that the compensation scheme will be comprehensive, including provisions for widows and dependants; providing acceptable levels of benefit; back-dated to include all current cases of quarrymen and those who have suffered as a result of the disease."

They also called for the Bill to be given its first reading at an early date with an assurance that it could reach the statute book before Easter.

# How the Opposition reacted

Margaret Thatcher, Conservative

"It would be cleaner and better if this question was debated by a new Parliament with a fresh mandate and a long-lease of life."

Donald Stewart, SNP

"The Prime Minister is not prepared to face the outcome of a Commons vote. He is prepared to treat the Scottish people with contempt."

David Steel, Liberal

Discussion of devolution necessary "irrespective of party or government. We might as well get started on the process now."

Gwynfor Evans, Plaid Cymru

"It is unlikely that we would support a no-confidence motion until we have seen full details of the quarry compensation plan."

# Aims sees threat to freedom

THE DRAFT of the Labour Party manifesto for the next General Election is "a major threat to the survival of free enterprise and freedom in this country," says Aims, the free enterprise group.

"The draft document drawn up by Labour's national executive committee, at present being studied by the NEC and the Cabinet, makes it plain that there will be nationalisation of pharmaceuticals, building materials, construction, and a vast expansion of the National Enterprise Board," said Aims.

"The abolition of the House of Lords without a new second chamber; bringing together National Giro and the National Savings Bank to form the nucleus of a new State bank; State direction of the income of pension funds and insurance companies; an assault on private education; the monitoring of activities of multinational companies; the removal of American nuclear bases from Britain . . . all these represent the new far Left thinking of the Labour Party's national executive committee.

# Doubt cast on OECD pessimism

By Ivor Owen

ASSUMPTIONS BY the Organisation for Economic Co-operation and Development survey published this week suggesting that the rate of consumer price inflation in Britain will be 12 per cent by the end of this year were questioned by Mr. Denis Healey, the Chancellor, in the Commons yesterday.

He pointed out that the survey was compiled two months ago, when the outlook for wage inflation was much worse than it had become since the recent agreement concluded between the Government and the TUC.

Sir Geoffrey Howe, Shadow Chancellor, emphasised that in addition to suggesting rising inflation, the survey indicated that the growth in the gross domestic product, excluding oil, was likely to be about 1 per cent.

Replying to questions about exchange-rate policy, the Chancellor told Mr. Dennis Skinner (Lab, Bolsover), an EEC opponent, that sterling was strong because of the Government's fiscal and monetary policies.

A stable exchange rate was a great advantage to Britain. "I am very pleased to see that the Confederation of British Industry has very much modified its view on this matter and now regards stability in the exchange rate as a much better thing than to attempt to solve the problem by depreciation."

● Compensation is to be paid for loss of interest sustained by holders of any form of Government security issued or administered by the Department of National Savings because of disruption of computer services through the strike by civil servants.

Mr. Denis Healey, the Chancellor, announced this in the Commons yesterday.

# Blow for Unlucky Jim

BY ELINOR GOODMAN, LOBBY STAFF

**REGARDLESS of whether Labour loses a vote of confidence next week, the Prime Minister will be appearing on the cinema screens in a new guise: Unlucky Jim.**

**Conservative Central Office is on the brink of launching a new cinema campaign. Like the earlier Saatchi and Saatchi cinema commercials, the new ones are directed at voters in the 18 to 21 age group, where the Conservatives are weakest, and are designed to counter the "Jim will fix it" image.**

**The hero is a likeable enough fellow who in spite of good intentions is always getting into trouble.**

**First he tries to help a woman across the road, only to discover she did not want to cross at all; then he helps someone on to the wrong bus. After a chapter of accidents, the message is clear enough: like the hero of the commercial, Labour may be full of good intentions but always makes a mess of things.**

**By coincidence yesterday, just as the PM was making a final effort to fix his latest troubles, somebody looking very like the original Mr. Fixit, Jimmy Saville himself, was seen walking through the central lobby.**

# Doubters appear in Labour ranks

BY PHILIP RAWSTORNE

**EVEN LABOUR MP's did not appear to have much confidence yesterday in Mr. James Callaghan's attempt to defer a vote on devolution for another month.**

**"I wish him well but I hae ma doots," said Mr. William Ross, former Scottish Secretary.**

**The Prime Minister's proposal for "a short intermediate stage" of all-party talks was greeted with derision by the Tories.**

**Mrs. Margaret Thatcher snappily reminded him that he had been offered such talks a month ago and had dismissed the suggestion as "a sham."**

**The Tory leader could not help wondering whether his change of mind had anything to do with a General Election.**

**"The real concern is not the future of the Government but the future of the United Kingdom," Mr. Callaghan retorted, amid jeers.**

**Repeal of the Scotland and Wales Acts would not be the end of devolution, he said. Attempts should be made to *see if agreement were possible* on some changes to improve Government in the two countries.**

**Mr. Donald Stewart, the Scottish nationalist leader, was, to say the least, sceptical. The Labour Party was committed to devolution and should face a vote in the Commons, he said.**

**As Mr. Jim Sillars, the Scottish Labour MP, pointed out, the Government had a majority on paper for the issue.**

**What was holding him back was a handful of Labour backbenchers who would "rather see a Thatcher Government in Downing Street than a Scottish Assembly sitting in Edinburgh."**

**"Rubbish," yelled Labour's devolutionist opponents — but only Mr. Leo Abse (Pontypool) actually spoke in favour of the talks.**

**Mr. Neil Kinnock (Lab. Bedwellty) actually warned the Prime Minister against any prevarication.**

**Mr. David Steel, supported by the vigorously nodding Mr. Russell Johnston, said that talks would have to take place whether there were a change of Government or not.**

**Like Mr. Callaghan, he had always distinguished between votes on devolution and votes of confidence. But the Tories turned on him in alarm at this apparent threat of defection.**

**The Ulster Unionists and Welsh Nationalists silently considered the still uncertain situation, prompting Mr. Nicholas Fairbairn (C. Kinross) to demand some guarantess of fair play.**

**Mr. Callaghan had made "a charlatan and twisting" statement; Mr. David Steel, a "sycophantic" response," he said.**

**"Would it not be better, instead of sending observers to Rhodesia, if members of the Patriotic Front came here to ensure we have fair and free elections?"**

# Rodgers tries again with seat belt Bill

THE GOVERNMENT renewed its attempts yesterday to get its Seat Belts Bill through Parliament.

The measure went before the Commons in 1976, MPs approved it in principle but the Bill foundered in detailed examination.

Mr. William Rodgers, Transport Secretary, gave a warning last night that every day the Bill was delayed, two or three people died and 20 or 30 were seriously injured, "some permanently disabled or horribly disfigured."

Compulsory wearing of belts might save up to 1,000 lives and 10,000 serious injuries a year, he said. However, over recent years, the £1m annual advertising campaign had failed to increase the numbers who wore belts.

Mr. Rodgers said that there was an overwhelming need for exemption for those medically unable to wear seat belts. In such cases, a certificate would have to be obtained from a doctor.

Disabled people who would find it impossible to fasten or wear a seat belt would also be exempted, as would people carrying out house-to-house deliveries, such as milkmen, bakers and postmen.

Mr. Rodgers did not want to exempt all those on short journeys because that was when most accidents occurred.

He emphasised that children would not be exempted. "To take no steps to include children, in my view would be inexcusable."

Mr. Rodgers said: "Every law restricts the freedom of the individual to act as precisely as he chooses. The question is where do we draw the line in terms of benefits achieved and freedom foregone."

He argued that it was best to ensure a freedom to live rather than die, and the freedom to live as a whole person, without disfigurement. Parliament should "protect people from the terrible consequences of their own neglect."

Mr. Norman Fowler, Opposition transport spokesman, said that the Tories were, like Labour, allowing a free vote on the Bill.

He personally supported wearing seat belts, but opposed making the practice compulsory. The Magistrates' Association opposed compulsion. That was significant, because they would have to operate the law.

# Envoys' security 'reviewed'

PROTECTION FOR British diplomats abroad should be reviewed after the murder of Britain's ambassador in Holland, Mr. Francis Pym, Shadow Foreign Secretary, told the Commons last night.

"It seems to me we are in a new situation in which the existing level of security may no longer be appropriate."

Mr. Pym echoed the praise by Dr. David Owen, Foreign Secretary, of the service by Sir Richard Sykes, the Ambassador, to Britain, and his condemnation of the murder.

Security for British diplomats overseas was constantly under review Dr. Owen said.

# Closed shop

THE GOVERNMENT yesterday rejected a plea from Labour peer Lord Brockway for grounds to be widened for objection to membership of a union where there is a closed shop.

For the Government, Lord Wallace of Coslany said it was not fair to make a comparison between war and peacetime. It was a very difficult matter.

# Tories attack tenants' charter

BY PAUL TAYLOR

THE GOVERNMENT published its long-awaited Housing Bill yesterday amid an atmosphere of uncertainty as to whether it would ever reach the statute books.

Its central feature is the Tenants' Charter, which gives council tenants many of the rights of private tenants. The Bill was immediately condemned by the Conservatives as "election window-dressing."

Elsewhere the Bill, increasingly seen as a statement of Labour Party intent and an electoral counter to the Conservatives' aggressive policy on council house sales, received a mixed reception.

The district councils' and metropolitan councils' associations said that many proposals reflect current housing authority practice, but added that the more fundamental changes envisaged represent an unwarranted intrusion into local authority affairs.

The National Housing and Town Planning Council welcomed the provisions giving council tenants security and greater self-determination but regretted that that had been done "at the expense of local authority freedom and autonomy."

Shelter, the housing charity, described the Bill as a "historic measure which could revive the home improvement programme, liberate council tenants and open access to council housing. However, it added that parts of the Bill were inadequate.

Mr. Peter Shore, Environment Secretary, presenting the Bill, emphasised its shift towards "increasing satisfaction and choice," rather than dealing only with financing supply.

He dismissed suggestions that the Bill might never be enacted because of uncertainty over the Government's future, and seemed uncertain about the full cost of its provisions.

Although it is difficult to assess the full financial effects of the Bill because of uncertainty over the level of take-up of its provisions, it appears that it will involve a net increase of about £60m in total public expenditure. The Bill, however, says that that will be met in the Expenditure White Paper provisions.

If the central features of the Bill contain few surprises, it does reflect a significant shift in Labour housing policy.

Its basic provisions include the Tenants' Charter, providing security of tenure; a new council house subsidy system more closely linked to "housing need;" help for home buyers through Government grants to local authorities; and extending the right to home improvement and repair grants to council tenants; greater flexibility on local authority mortgage rates and the option mortgage scheme and, significantly, a tightening-up on the rules for housing associations.

The Tenants' Charter provides council tenants with similar rights to private tenants and requires local authorities to involve tenants in housing management.

The Bill also requires local authorities to publish details of the house waiting list and contains a provision empowering the Secretary of State to set up a mobility register to aid movement between, into and from council houses.

Many clauses take the form of enabling legislation avoiding the more politically sensitive questions of, for example, the level of improvement grant.

The Bill is essentially a refinement of existing housing legislation, providing a more equal balance between the public and private sectors while reflecting the continuing Labour Party opposition to indiscriminate council house sales.

# Next week's business

**Monday:** Debate on Defence Estimates White Paper. Motion on EEC Documents on Energy Policy, remaining stages. Forestry Bill (Lords). Motions on the redundant mineworkers concessionary coal order and on mineworkers' pensions scheme order.

**Tuesday:** Defence Estimates (continued): remaining stages, Public Health Laboratory Service Bill (Lords).

**Wednesday:** Legal Aid Bill (Lords), second reading. Remaining stages Credit Unions Bill. Opposed private business.

**Thursday:** Remaining stages, Independent Broadcasting Authority Bill. Debate on the White Paper on Broadcasting. Motion on the BBC supplemental licence agreement and royal charter.

**Friday:** Private members' motions.

LORDS

**Monday:** Confirmation of Small Estates Bill. Industry Bill second reading. Water Authority orders Motions for approval. Meat and Livestock Commission levy scheme (confirmation) order.

**Tuesday:** Ancient Monuments and Archaeological Areas Bill, third reading. Nurses, Midwives and Health Visitors Bill, report. Direct Labour (Major Construction Works) Accounting Bill, second reading. Shops (Sunday Trading) Bill, committee.

**Wednesday:** Debate on ACARD report on industrial innovation. Licensed Premises (Exclusion of Certain Persons) Bill, report.

**Thursday:** Exchange Equalisation Account Bill, third reading. International Monetary Fund Bill. Prosecution of Offences Bill. Public Health Laboratory Service Bill. Caravan Sites Bill, committee. Cinematograph Films (Limits of Levy) order.

## FOOD PRICE MOVEMENTS

| | March 22 £ | Week ago £ | Month ago £ |
|---|---|---|---|
| ACON | | | |
| Danish A.1 per ton ... | 1,090 | 1,090 | 1,140 |
| British A.1 per ton ... | 1,035 | 1,035 | 1,110 |
| Irish Special per ton... | — | — | 1,110 |
| Ulster A.1 per ton¶ ... | 1,035 | 1,035 | 1,110 |
| UTTER | | | |
| NZ per 20 kg ... | — | 14.11/14.24 | 14.11/14.24 |
| English per cwt ...... | 81.65 | 81.65 | 81.65 |
| Danish salted per cwt | 83.0/85.55 | 83.00/86.02 | 83.05/85.68 |
| HEESE | | | |
| NZ per tonne ........... | — | 1,300 | 1,230 |
| English cheddar trade per tonne ........... | — | — | 1,455 |
| GGS* | | | |
| Home produced: | | | |
| Size 4 ..................... | 3.40/3.60 | 3.35/3.50 | 2.80/3.20 |
| Size 2 ..................... | 3.70/4.10 | 3.60/3.70 | 3.10/3.40 |
| | March 22 p | Week ago p | Month ago p |
| EEF | | | |
| Scottish killed sides ex-KKCF ............... | 54.0/58.0 | 54.0/58.5 | 55.0/59.0 |
| Eire forequarters ...... | 36.0/40.0 | 38.0/42.0 | 43.0/46.0 |
| AMB | | | |
| English ................ | 56.0/65.0 | 56.0/62.0 | 56.0/64.0 |
| NZ PLs/Pms ........... | 47.5/49.0 | 48.0/49.0 | 47.0/49.0 |
| ORK (all weights) ...... | 35.0/45.0 | 35.0/45.5 | 36.5/45.0 |
| OULTRY | | | |
| Broiler chickens ...... | 37.5/39.0 | 37.5/39.0 | 37.0/38.0 |

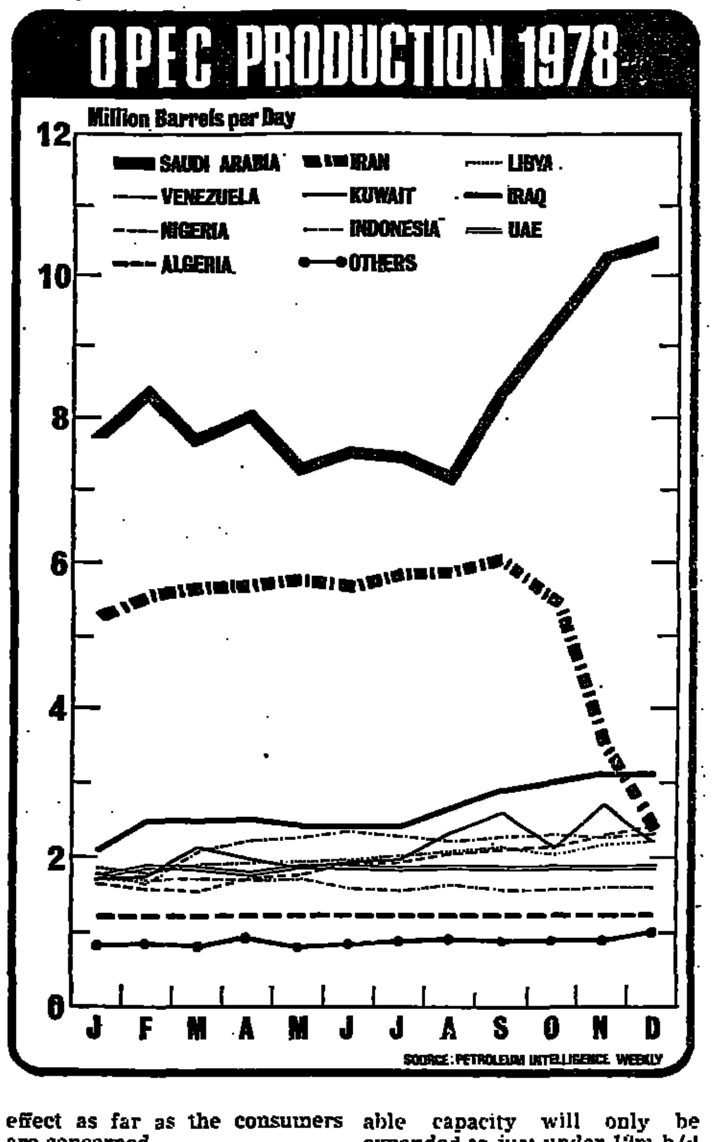
* London Egg Exchange price per 120 eggs. † Delivered. Unavailable. ¶ For delivery March 24-31.

| | | | |
|---|---|---|---|
| ex-KKCF ............ | 54.0/58.0 | 54.0/58.5 | 55.0/59.0 |



**ENERGY REVIEW** **BY RICHARD JOHNS**

# Over an OPEC barrel




SIX MONTHS AGO, not even the wildest optimist in the oil-producing States could have dreamt of the circumstances in which the Ministerial consultative meeting of the Organisation of Petroleum Exporting Countries will take place next week.

Last September, for instance, Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister, was saying that his Government had not yet decided whether to accept a price increase at the beginning of 1979 or to insist on a freeze. It would all depend on the level of supplies and the market, he explained non-commitally. At the same time, the National Iranian Oil Company was engaged in another round of a seemingly endless series of talks with its consortium of Western companies about a long-term agreement for oil supplies. Although the Persian ferment was increasing, the Shah seemed secure in his palace and had not imposed martial law. It is doubtful whether the star-gazing Sheikh Yamani—who is an astrologer of note—could have foreseen the extent of the upheaval and its impact on the oil market.

## Opportunity

The rapid transition from a situation of surplus to one of acute shortage has provided OPEC members with a sudden opportunity to gain compensation for the progressive decline in their purchasing power that has occurred since the four-fold oil price escalation in 1973-74. Understandably, they have not been slow to exploit it. For consumers, the aggregate 14.5 per cent increase in quarterly progressions—giving an average rise of 10 per cent for the full year — came as a shock. The majority of producers, however, were not satisfied with the increments in prospect. They saw them as a cover against future inflation rather than compensation for the decline in the real value of their per-barrel revenues in the past. The outcome of the OPEC Ministrial conference in Abu Dhabi last December was a delicate compromise.

Still showing its traditional concern about the economic health of the world in general, Saudi Arabia would have preferred an increase in the 5-10 per cent range, preferably at the lower end. However, having converted its fellow members to the argument that the price of oil must be related to market demand, it had to recognise the new conditions created by the drying-up of Iranian exports, which accounted for one-sixth of the OPEC total. The situation might have been regarded as an artificial one. But it was clear that the shortfall was not going to be temporary. In retrospect, the pricing decision taken at Abu Dhabi, must be seen as justified on the basis of supply and demand.

For the forseeable future at least, the world has to live with a shortfall of 2m b/d from Iran. The loss wipes out the gain over the past three years from other sources, notably Alaska and the North Sea, which had led to the surplus and to OPEC members having to reconcile themselves to a continued price freeze in 1978. At last May's ministerial consultative meeting in Taif, Sheikh Yamani estimated that the surplus would probably persist until "about the end of 1979." His projection was evidently based on the assumption that OPEC members would not increase their production to meet rising demand. In effect, the Iranian crisis has brought supply and demand into something like equilibrium sooner than expected.

The question that now faces OPEC and consumers is whether some kind of balance between supply and demand can be maintained. Much will depend on how effectively the 20 members of the International Energy Agency implement their decision to reduce combined consumption by 5 per cent, equivalent to about 2m b/d. In the longer term, an equally heavy responsibility lies on President Carter to use the power granted him to lift prices controls on domestically produced U.S. oil and to take other energy-saving measures.

Yet no action by consumers is likely to restore the glut of oil present in 1976-78. For it is becoming evident that OPEC will impose strict limits on the extent to which it will respond to increased demand. Rather, the challenge is to prevent a critical shortage which would send prices shooting upwards regardless of what OPEC might decide. Thus, OPEC ministers will assemble in Geneva on Monday, buoyant in the knowledge that the market has turned dramatically in their favour and that a big measure of the "producer power" at their command in 1973-75 has been restored to them. Paradoxically, however, they will start their meeting amidst more uncertainty than at any time since the Doha conference at the end of 1976. Many members will want to see revenue gains achieved by way of surcharges, premiums and spot market transactions somehow consolidated in a new price structure but at the same time there seems to be genuine confusion as to whether any form of action is desirable or necessary.

In terms of procedure the forthcoming meeting is a consultative one rather than the full-blown extraordinary conference which many members sought and which would be able to take decisions about prices. Saudi Arabia insisted on such a status because of its reservations about OPEC taking any action at the present time. Yet at the request of a member, and by a simple majority vote, the meeting could be up-graded.

At a superficial glance, the scene might seem set for a confrontation between the traditional voice of moderation in OPEC and others anxious to establish a new price level. In practice, this seems unlikely to happen. Probably only one certain assumption can be made about the meeting: all members, and especially Saudi Arabia, will want to avoid an open rupture like the one at Doha in December, 1976. That resulted in an unprecedented division on prices when Saudi Arabia, together with the United Arab Emirates, stuck to a 5 per cent increase while the others imposed one of 10 per cent.

Saudi Arabia's attempt to force down the average price by opening up spare capacity for production was only partially successful. Moreover, it was an unhappy experience because it exposed the Kingdom to a measure of disconcerting hostility and isolation. More than ever, Saudi Arabia will want solidarity.

## Shortfall

Formally, its position was spelt out in the statement issued by the Royal Cabinet at the end of February. This noted a shortfall in supplies and the decisions of other OPEC members to bring prices "into line with prices prevailing on the market." It made reference to Saudi Arabia's "grave responsibilities with respect to the stability of the world economy" and proposed urgent consultations not only among OPEC members but also with consumers "with a view to avoiding any aggravation of the energy crisis." Finally, the statement said that Saudi Arabia would maintain the prices set last December and not review its position until it had consulted with other OPEC members.

The statement seemed to reflect confusion and indecision. As the proclaimed champion of moderation, Saudi Arabia is in a difficult position. In practice, it has shown some ambivalence by enjoying the higher prices set for the last quarter for the extra 1m b/d it made available for the first quarter over and above its 8.5m b/d ceiling. The probability is that it would prefer to see how supply and demand work out on the market before adjusting upwards the price of its Arabian Light crude.

The Geneva conference must, as its first priority, try to bring prices into a more rational relationship. At the best of times, harmonising them is a complex business. Now, with nearly all the other producers having responded to market realities which seem likely to persist, Saudi Arabia might have little choice but to raise the base even if only on a "temporary" basis. In addition, it does not dissent from the view that the oil companies have taken advantage of the crisis to make fat "wind-fall" profits and that this entitles the producers to increase their share of prices ultimately charged for petroleum products. Speculation has inevitably centred on a surcharge of $1.20, on which some understanding could have been reached already with Kuwait and Iraq. Since the traumatic Doha experience, the Kingdom has always sought to prepare for agreement in advance and it can be assumed that discreet consultations have taken place.

Until last year, Saudi Arabia could exercise—within the constraints laid down by the need for OPEC solidarity and other political factors — something approaching a decisive influence on prices across the board. But, as Sheikh Yamani pointed out in a significant remark in January, its capacity to exercise leadership in this way has been considerably diminished by events in Iran. The implication was that the Saudis would be bound more than ever by consensus. Furthermore, the Kingdom's will to resist maximalist pressures for the sake of the West has probably been considerably weakened by political developments, not least the deterioration of relations with the U.S. and its opposition to the peace treaty between Egypt and Israel.

Yet, without saying as much, Saudi Arabia might at this point express its displeasure by agreeing to pressures for some formal revision of OPEC prices. At the very least it can be said Saudi disillusionment with the U.S. can only have a negative effect as far as the consumers are concerned.

Yet, of more fundamental importance for the immediate and medium-term future is how much oil Saudi Arabia is prepared to produce. So far, it has given no indication of whether it is willing to continue a rate of 9.5m b/d for another quarter or intends to deduct the 1m b/d extra allocation made available so far this year from output later in the year—as the pricing of the increment would imply. Its decision on production levels will have a vital bearing on the actual price level in the market—whatever is agreed at Geneva.

Looking further head, it has become apparent that Saudi Arabia is not prepared to meet the brunt of rising world demand on any susbtantial scale, even if the capacity of its fields and its long-term conservation policies gave it the scope to do so.

Sheikh Yamani said recently, "we think that 9.5m b/d is a reasonable level of production on technical grounds." According to present plans, sustainable capacity will only be expanded to just under 12m b/d by 1980-1 at the earliest. It is an entirely different question whether Saudi Arabia would be prepared to sanction such rates. Other producers, with Iraq apparently being the sole exception at this point in time, are running more or less at the limits of what they want to produce.

Without design OPEC has established a plateau of output that seems capable not only of maintaining prices at levels above those decided for 1979 but set also to provide the base for soaring increases in future unless the growth of consumption is drastically curtailed or alternative sources of energy quickly evolved. It looks as if a critical point has been reached. A strong message to that effect will almost undoubtedly emerge from the Geneva conference and may later be recalled as a far more significant outcome than any adjustment of prices. The odds are that OPEC will endorse Saudi Arabia's call for urgent consultations at a high level.

# APPOINTMENTS



# COMPANY NOTICES

TO THE HOLDERS OF
NATIONAL BANK OF HUNGARY
(Magyar Nemzeti Bank)
REDEEMABLE FLOATING RATE DEPOSIT NOTES
DUE 1980

In accordance with the provisions of the above Notes, American Express International Banking Corporation, as Fiscal Agent, has established the rate of interest for the semi-annual period ending on the 18th September, 1979, at 11¼ per cent. Interest due at the end of the Interest Period will be available upon surrender to any of the Paying Agents of Coupon No. 7.

AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION
As Fiscal Agent.

## GOLD FIELDS GROUP

NOTICE RE CLOSING OF REGISTERS OF MEMBERS

NOTICE IS HEREBY GIVEN that the REGISTERS OF MEMBERS of the undermentioned companies will be CLOSED for the purpose of the Annual General Meetings as follows:—

| Name of Company (Each incorporated in the Republic of South Africa) | Registers of Members closed (both days inclusive) |
|---|---|
| Deelkraal Gold Mining Company Limited | 5 April to 12 April, 1979 |
| East Driefontein Gold Mining Company Limited | 5 April to 12 April, 1979 |
| Vlakfontein Gold Mining Company Limited | 5 April to 12 April, 1979 |

By Order of the Boards,
C. E. WENNER, London Secretary.

London Office:
49, Moorgate,
London EC2R 6BQ.
22 March, 1979.

## DURBAN ROODEPOORT DEEP, LIMITED

*(Incorporated in the Republic of South Africa)*
A Member of the Barlow Rand Group

NOTICE OF MEETING

Notice is hereby given that the eighty-second annual general meeting of Durban Roodepoort Deep, Limited will be held in the conference room, eleventh floor, 63 Fox Street, Johannesburg, on Thursday, 19th April 1979, at 15h30 for the following business:

1. To receive and consider the audited annual financial statements for the year ended 31st December 1978;
2. To elect directors in place of those retiring in accordance with the provisions of the company's articles of association;
3. To place the unissued shares under the control of the directors.

The register of members of the company will be closed from 13th to 19th April 1979, both days inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

For the convenience of members who are unable to attend the meeting but wish to be represented thereat, a proxy form will be sent to members on request to either the transfer secretaries in Johannesburg or to the secretaries in the United Kingdom. The attention of members is drawn to the fact that, if it is to be effective, the completed proxy form must reach the company's transfer secretaries in Johannesburg or its United Kingdom registrars and transfer agents, at least forty-eight hours before the time appointed for the holding of the meeting (which period excludes Saturdays, Sundays and public holidays).

Holders of share warrants to bearer who desire to be represented at the meeting must produce a certificate of their holding from an authorised depositary at the bearer reception office in the United Kingdom, or they must produce their share warrants at the office of the Paris correspondents, in both cases at least ten days before the date appointed for the holding of the meeting and shall otherwise comply with the "Conditions governing share warrants" in force. Upon such production a proxy form will be issued under which such share warrant holders may be represented at the meeting.

By Order of the Board
RAND MINES, LIMITED
*Secretaries*
per F. Godwin

London Office:
40 Holborn Viaduct
EC1P 1AJ
*12th March, 1979*

## EAST RAND PROPRIETARY MINES, LIMITED

*(Incorporated in the Republic of South Africa)*
A Member of the Barlow Rand Group

NOTICE OF MEETING

Notice is hereby given that the eighty-third annual general meeting of East Rand Proprietary Mines, Limited will be held in the conference room, eleventh floor, 63 Fox Street, Johannesburg, on Thursday, 19th April 1979 at 14h30 for the following business:

1. To receive and consider the audited annual financial statements for the year ended 31st December 1978;
2. To elect directors in the place of those retiring in accordance with the provisions of the company's articles of association;
3. To place the unissued shares under the control of the directors.

The register of members of the company will be closed from 13th to 19th April 1979, both days inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

For the convenience of members who are unable to attend the meeting but wish to be represented thereat, a proxy form will be sent to members on request to either the transfer secretaries in Johannesburg or to the secretaries in the United Kingdom. The attention of members is drawn to the fact that, if it is to be effective, the completed proxy form must reach the company's transfer secretaries in Johannesburg or its United Kingdom registrars and transfer agents, at least forty-eight hours before the time appointed for the holding of the meeting (which period excludes Saturdays, Sundays and public holidays).

Holders of share warrants to bearer who desire to be represented at the meeting must produce a certificate of their holding from an authorised depositary at the bearer reception office in the United Kingdom, or they must produce their share warrants at the office of the Paris correspondents, in both cases at least ten days before the date appointed for the holding of the meeting and shall otherwise comply with the "Conditions governing share warrants" in force. Upon such production a proxy form will be issued under which such share warrant holders may be represented at the meeting.

By Order of the Board
RAND MINES, LIMITED
*Secretaries*
per F. Godwin

London Office:
40 Holborn Viaduct
EC1P 1AJ
*12th March, 1979*

## BARLOW RAND LIMITED

PREFERENCE DIVIDEND No. 86

NOTICE IS HEREBY GIVEN that a preference dividend at the rate of 6% per annum for the half year ending 31 March 1979 (amounting to six cents per preference share) has been declared payable to all preference shareholders registered at the close of business on 6 April 1979.

The transfer books and register of preference shareholders will be closed from 7 to 12 April, 1979.

Dividend warrants will be posted to shareholders on or about 30 April, 1979.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident shareholders' tax has been imposed on dividends payable to:

a) Persons, other than companies, not ordinarily resident nor carrying on business in the Republic; and
b) Companies which are not South African companies.

The Company will accordingly deduct the tax from dividends payable to shareholders, whose addresses in the preference shareholders' register are outside the Republic, at the rate of 13.49775 per cent.

By Order of the Board,
W. C. WARRINER,
Group Secretary.

Registered Office:
Barlow Park
Katherine Street
Sandton
2196
South Africa

Transfer Secretaries:
Rand Registrars Limited
2nd Floor Devonshire House,
49 Jorissen Street,
Braamfontein
2001
South Africa
23 March, 1979

## N.V. ENGELSCH-HOLLANDSCHE BELEGGINGS TRUST

(English and Dutch Investment Trust)
Established in Amsterdam

5% FIRST CUMULATIVE PREFERENCE SHARES
5% SECOND PREFERENCE SHARES
ORDINARY SHARES

NOTICE IS HEREBY GIVEN THAT PAYMENT of the following DIVIDENDS having been duly authorised, the relative coupons may be presented at the Offices of Hollandse Koopmansbank N.V., Sarphatistraat 14a, Amsterdam, for PAYMENT on or after April 2nd. 1979.

5 per cent First Cumulative Preference Shares: Coupon No. 100, due April 2nd 1979 at the rate of Fls. 25.-
5 per cent Second Preference Shares: Coupon No. 100, due April 2nd 1979 at the rate of Fls. 25.-
Ordinary Shares: Coupon No. 29 at the rate of Fls. 36,000.-

25% Dutch Dividend Tax will be deducted. Residents of the United Kingdom and other countries with which the Netherlands have concluded a Tax agreement, are advised to consult their bankers in order to obtain their dividends free or partly free of Dutch Dividend Tax.

Coupons forwarded from the United Kingdom will only be accepted if forwarded by Authorised Depositaries and accompanied by the usual declarations required in accordance with the regulations in force in the Netherlands.

By order of the Board.
The Management
HOLLANDSE KOOPMANSBANK N.V.
Sarphatistraat 14a,
1017 WS AMSTERDAM.
March 22nd, 1978.

## RENOWN INCORPORATED

NOTICE TO MEMBERS OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 34th Ordinary General Meeting of the shareholders of the Company will be held on Friday, March 30th, 1979 at 10.00 a.m. in the Auditorium on the 5th floor of the head office of the Company at 34-18 Jingumae 2-chome, Shibuya-ku, Tokyo for the following business:

To consider and, if deemed fit, to pass with or without modification the following resolutions:

PROPOSAL NO. 1
Approval of the business report, balance sheet, income statement and proposal for appropriation of retained earnings for the 34th Business Term (from January 1st, 1978 through December 31st, 1978).

PROPOSAL NO. 2
Election of 25 Directors on account of expiration of the term of office of all the 25 Directors.

PROPOSAL NO. 3
Election of Two (2) statutory auditors on account of expiration of the term of office of both incumbent statutory auditors.

PROPOSAL NO. 4
Presentation of bonuses to retiring officers in recognition of their services.

*NOTE—The following Notice appears in accordance with the listing agreement 10 (c) of the Company:*

"There is not any service contract granted the Company, or any subsidiary of the Company to any director or proposed director of the Company not expiring or determinable within ten years by the employing Company without payment of compensation "other than statutory compensation""

ROBERT FLEMING & CO. LIMITED,
Depositary.
London.
23rd March, 1979.

## INTERNATIONAL DEPOSITARY RECEIPTS REPRESENTING SHARES PAR VALUE $2.50 COMMON STOCK
## J. P. MORGAN & CO. INCORPORATED

A cash distribution of $0.625 per Depositary Share will be payable on and after the 23rd April, 1979, upon presentation of Coupon No. 34 at:—

Morgan Guaranty Trust Company of New York,
23, Wall Street (Corporate Trust Department), New York.
35, Avenue des Arts, Brussels.
33, Lombard Street, London.
82, Frankrijklei, Antwerp.

at the designated rate, less applicable taxes.

This distribution is in respect of the regular quarterly dividend payable on the common shares P.V. $2.50 J. P. Morgan & Company Incorporated on the 16th April, 1979.

## KLEINWORT BENSON INTERNATIONAL FUND N.V.

Notice of Annual General Meeting of Shareholders to be held on 10th April, 1979.

Notice is hereby given that the Annual General Meeting of Shareholders of Kleinwort Benson International Fund N.V. will be held at the office of the Company, Handelskade 8, Curacao (Netherlands Antilles), on Tuesday, 10th April, 1979, at 10.00 hours (local time) for the purpose of:

1. Approving the Company's statement of assets and liabilities as at December 31st, 1978, and its statement of income and expenses for the year ended 31st December, 1978.
2. Approving the declaration of a dividend payment of 28% equal to US$0.28 per share.
3. Approving the transfer of US$102.817 from capital reverves.
4. To ratify the appointment of Messrs. Coopers and Lybrand S.A., Geneva, as the auditors of the Company for the year ending 31st December, 1979.
5. To transact such other business as may properly come before the Meeting.

Holders of bearer shares wishing to exercise their rights at the Meeting should deposit their shares with Kleinwort, Benson (Geneva) S.A., place du Rhone 2, 1211 Geneva 11 (Switzerland), or at any other bank which is acceptable to Kleinwort, Benson (Geneva) S.A. not later than 17.00 hours (local time) on 5th April, 1979, against receipt thereof, *which receipt will entitle said shareholder* to exercise such rights.

Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares, obtained from Kleinwort, Benson (Geneva) S.A., or any other bank that is acceptable to the aforesaid bank, to Kleinwort, Benson (Geneva) S.A., place du Rhone 2, 1211 Geneva 11 (Switzerland). Holders of registered shares may also vote by proxy by means of a form of proxy, obtained and filed in the manner described in the preceding sentence. Proxies and/or certificates of deposit must be received by Kleinwort, Benson (Geneva) S.A. not later than 17.00 hours (local time) on 5th April, 1979, in order to be used at the Meeting.

Curacao.
22nd March, 1979.

## N.V. ENGELSCH-HOLLANDSCHE BELEGGINGS TRUST

(English and Dutch Investment Trust)
Established in Amsterdam

PARTICIPATION CERTIFICATES
(Issued by Royal Exchange Assurance)

NOTICE IS HEREBY GIVEN that a gross dividend on the Participation Certificates of Fls.4.50 (four florins fifty cents) will be payable in Sterling on or after 2nd April, 1979, against presentation of coupon no. 29.

The dividend will be payable as follows, subject to the provision of the appropriate *Netherlands Tax affidavit* where necessary.

to Certificate Holders who are subject to United Kingdom Income Tax, less 15 per cent Netherlands Withholding Tax, and United Kingdom Income Tax at 18 per cent on the gross dividend,
to residents of other countries with which the Netherlands have concluded tax agreements, under deduction of 15 per cent Netherlands Withholding Tax,
to residents of all other countries, less 25 per cent Netherlands Withholding Tax.

Certificate Holders resident outside the United Kingdom will receive payment less United Kingdom Income Tax at the rate of 33 per cent on the net amount unless the coupons are accompanied by a United Kingdom Affidavit of non-residence. The aforementioned rates of tax apply only in respect of coupons presented for payment up to and including 30th September 1979. Thereafter Netherlands Withholding Tax will be deducted at the rate of 25 per cent and the United Kingdom Income Tax, where applicable at the rate of 33 per cent from the net Sterling amount.

For the period of 2nd April 1979 to 30th September 1979 the dividend will be paid in Sterling at the rate of exchange ruling on the day of presentation of the coupons. Coupons presented thereafter will be paid in Sterling at the rate of exchange ruling on the 1st October 1979.

To obtain payment, coupons No. 29 must be presented by Authorised Depositaries at the office of Hill Samuel and Co. Limited, 45 Beech Street, London EC2P 2LX. Coupons must be listed in duplicate in numerical order on special forms obtainable from Hill Samuel and Co. Limited, and must be left three clear days for examination.

Coupons will not be accepted through the post.

ROYAL EXCHANGE ASSURANCE.
Royal Exchange,
London EC3.

# LEGAL NOTICES

IN THE MATTER OF FAREBROTHER & COMPANY LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 30th day of April, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned KEITH DAVID GOODMAN, FCA, of 3/4 Bentinck Street, London, W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 2nd day of March, 1979.
KEITH DAVID GOODMAN,
PETER COPP, Liquidators.

IN THE MATTER OF FOULIS & SAXBY ADVERTISING LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 26th day of April, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned KEITH DAVID GOODMAN, FCA, 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 15th day of March 1979.
KEITH DAVID GOODMAN, Liquidator.

IN THE MATTER OF THE COMPANIES ACT, 1948 AND IN THE MATTER OF J. HIGH & CO. LIMITED
Registered Office 51, Boston Manor Road, Brentford, Middx.

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a MEETING of the CREDITORS of the above-named Company will be held at 33, Clifford's Inn, Fetter Lane, E.C.4, in the City of London on Tuesday the 24th April 1979 at 11.30 a.m. for the purposes mentioned in Sections 294 et seq of the said Act.

Dated this 15th day of March 1979
By order of the Board
J. T. HIGH, Director

IN THE MATTER OF JOHNNY KING (SALES) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 4th day of April, 1979, to send in their full Christian and surnames, their address and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned DAVID HARVEY, of 126/130 Seymour Place, London, W.1, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 15th day of March, 1979.
DAVID HARVEY, Liquidator.

This notice is purely formal. All known creditors have been paid in full.

IN THE MATTER OF N & P TOYS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 17th day of April, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PHILIP MONJACK, FCA, of 3/4 Bentinck Street, London, W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of March, 1979.
PHILIP MONJACK, FCA, Liquidator.

IN THE MATTER OF SENTRYCOM SYSTEMS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 18th day of April, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned KEITH DAVID GOODMAN, FCA, of 3/4 Bentinck Street, London, W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 7th day of March, 1979.
K. D. GOODMAN, Liquidator.



# PUBLIC NOTICES

CITY OF BRADFORD METROPOLITAN COUNCIL
Bills amounting to £2,500,000 were issued on 21 March, 1979, for maturity on 20 June, 1979, at a rate of 11¼%. Applications totalled £18,000,000. Bills outstanding total £5,000,000.

NORTH BEDFORDSHIRE B.C.
£0.65m Bills issued 21st March, due 20th June, 1979, at 11%. Applications totalled £2.6m. No other Bills outstanding.

STRATHCLYDE REGIONAL COUNCIL
£6m Bills issued 21st March, due 20th June, 1979, at an average rate of 11.4792%. Applications totalled £32.5m. £24m Bills outstanding.

THREE RIVERS DISTRICT COUNCIL
£0.45m Bills issued 22.3.79. Maturity 21.6.79, at 11¼%. Total applications £2.25m. Bills outstanding £0.45m.

# FINANCIAL TIMES SURVEY

Friday March 23 1979

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hilip Bowring

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# Industry in Pakistan

High tariffs, low productivity, small markets and other problems have combined to produce a poor performance by the country's industrial sector in recent years. Growth, led by textiles, is picking up at last. But achievement of Pakistan's 10 per cent. growth target is crucial to the health of the whole economy.

With benefit of hindsight, it is now clear that a lot of problems were sown during that "golden age" which have only recently been harvested. But enough has been achieved by industry in Pakistan in the past to show that rapid and sustainable growth is possible, even if at present it looks unlikely.

At the very least there should be a return to moderate industrial growth and a gradual broadening of the industrial base as long-gestation investments come on stream.

## Fluctuations

It is actually remarkable quite how badly Pakistan's industry has performed in recent years. Last fiscal year (ending June, 1978) the industrial production index just squeezed past the previous peak of 122.5 (1969-70 =100) reached in 1973-74. Some of the problems can be attributed directly to the deep downturn in the world textile industry. Others to fluctuations in the volume of agricultural products requiring factory processing. But the failure of industry was across the board. Output of key items ranging from fertilisers and cement to bicycles, sewing machines and electric fans was static or worse.

But things are picking up. Last year growth was up by nearly 5 per cent and this year, led by textiles, it should surpass 7 per cent. A 7 per cent achievement would still be well short of the 10 per cent annual growth targetted in the Fifth Plan period 1978/79-1982/83. But it is significant considering that no major new investments are coming on stream this year. The central question, however, is: Can the 10 per cent target be achieved? If so, can it be achieved without damaging the growth of the agricultural sector?

The target raises several questions critical to the whole economy:

- Can the growth be achieved without damaging the progress of the (more important) agriculture sector?
- Within the industrial sector, is the public sector gobbling up so much scarce capital that the private sector is being starved?
- Can industry even seriously think of sustained expansion when the balance of payments problems are so acute as to threaten its ability to purchase inputs — particularly while agricultural output and incomes are almost stagnant?
- Have the problems which caused the recent industrial slump been tackled?
- Is there a sufficiently stable political outlook to attract new investment and encourage entrepeneurship?
- Can investors be confident of clear policies and institutional continuity when the Government is talking, albeit vaguely, of a radical move towards Islamic concepts of banking and taxation?

The question of the fate of former Prime Minister Zulfikar Ali Bhutto continues to dominate all discussion in Pakistan. Everyone is wating to see what the final decision will be, and what immediate impact that decision may have. And after the Bhutto question is settled will come the next: the election which the president and chief martial law administrator General Zia-ul-Haq has promised but so far failed to deliver.

Though the return of a Leftwards leaning government looks remote, there are many shades of Right in Pakistan and many possible cocktails of party and power groups.

The martial law regime may have brought order but it has given no answer yet to the question: Where next?

Domestic uncertainties are matched by the general state of the region in the aftermath of the overthrow of the Shah of Iran and the installation of a Moscow-backed regime in Afganistan—albeit one being actively opposed by just the religious-based groupings which are the core of Zia's civilian support.

The institutional framework remains sound, if as slow moving and bureaucratic as ever. Formal arrangements to encourage investment are firmly in place. But this area of relative certainty could be upset if steps towards still largely untested Islamic-style banking and tax arrangements are taken without great caution and careful planning.

At present, political factors may appear to dominate. But however good the environment, there will be little investment unless entrepreneurs are satisfied that effective demand exists. Agricultural production—which accounts for 33 per cent of GDP against 15 per cent for industry—has been growing only slowly. Of the major crops, wheat has been erratic and cotton has suffered repeated disasters. Rice and sugar have done better but the overall picture is not of a rural sector generating much additional cash to buy manufactures.

The actual situation is brighter for the rural sector on account of the huge level of remittances from migrant workers. These are now running at about $1.2bn a year—an amazing level almost equal to total merchandise exports. Remittances put money directly into the small towns and villages. They prop up the balance of payments. And last year they caused GNP to grow at 9 per cent, compared with only 6.5 per cent for GDP—which itself was boosted by the service and construction sector spending generated by remittances.

But the remittances seem to have done little to generate industrial demand, with two important exceptions—cement to feed the construction boom and ghee to meet the more expensive food tastes engendered by additional cash.

Cement is now having to be imported until new plants come on stream. There is a rush of private sector interest in ghee manufacture. But otherwise it is thought that remittance incomes are going either towards items such as farm machines or tubewells and pumps, which at best are only assembled and not manufactured, in Pakistan, or to increased demand for services and local artisan products. The latter may be all to the good, but the demand pattern is not necessarily encouraging for large-scale manufacture even if rural incomes keep growing strongly.

As it is the Government has got its investment priorities partly right. It is continuing to invest heavily in fertiliser plants to reduce dependence on imports, and plants to produce much more cement. It is aiming to move towards a high level of local manufacture of tractors. All three are clearly linked to an existing demand, and either to local resources or essential needs.

## Effective

The same cannot be said for much of the rest of the Government's massive public sector investment programme. The steel mill alone will absorb more than one-half the Rs 21bn planned public sector industrial investment during the Fifth Plan, and thus more than one-quarter of total industrial investment. Even if the economics were convincing—which they are not—the project is quite out of proportion to the nation's total availability of capital. The responsibility to make it operate efficiently is grave.

One reason for the slow growth of the economy recently has been the long gestation period of these big projects. Their weight in the GDP and industrial output figures will soon be felt. They will inevitably make the next few years ones of quite rapid industrial growth. But what the figures will not show so readily is whether the capital is being effectively used. What might have been the returns from agriculture and irrigation—or from on-lending to manufacturers in the private sector who cannot get foreign exchange?

The Government is de-emphasising the public sector but it will remain predominant until existing big projects involving fertilisers, cement and heavy engineering, as well as the steel mill, are complete.

The excessive capital needs of the public sector industries are aggravated by the need for heavy spending on directly related communications projects like Port Qasim. This year's budget allocates 25 per cent of federal development spending to industry and another 19 per cent to transport and communications. In contrast, agriculture and water projects get only a combined 22 per cent. A large slice of the agriculture budget is taken up by a fertiliser subsidy.

The Government is trying to raise the amounts going to the rural areas but is constrained by the prior commitments to public sector industry which cannot be stopped midway.

But unless more resources go into agriculture, the nation may be unable to afford the inputs for many industries. Poor agricultural growth has resulted in falling cotton exports—this year they have had to be banned—big wheat imports and even larger vegetable oil imports. Together they are running at over $400m a year, not far short of the oil bill.

Meanwhile the two factors—remittances and aid—which have made possible the sharp rise in consumption imports (of food and fuel) in recent years are both looking problematic. There are signs that remittances from now on will grow only slowly. There are now estimated to be 700,000 Pakistanis working abroad, of whom half are in Middle East oil producing countries.

But the number is now probably only growing by about 15 per cent a year and some economists believe that the temporary migrants' savings propensity has peaked.

Secondly, the generosity of Muslim oil-producing States towards Pakistan has been waning. Though the Government is vigorously displaying its Islamic credentials, neighbours are no longer so flush with cash, and the Bhutto trial may have made some Arab donors uneasy. The best that Pakistan can now expect from Iran is further rescheduling of existing debts and continuation of joint ventures in cement and textile production.

Pakistan is badly in need of additional short-term assistance and is hoping that the Western aid consortium, which meets in July, will be sufficiently alarmed by developments in neighbouring countries to take a generous attitude to Pakistan. Otherwise a lot of belt tightening, which would hit consumer-oriented industries, looks inevitable.

Last year, thanks to remittances, the current account deficit dropped by $400m to only $500m, easing the burden of a very sharp jump in debt service. But this year the trade deficit is growing again much faster than expected. Though exports in the first half were up 33 per cent to $689m, imports jumped 40 per cent to $1.657bn. The increase was almost entirely accounted for by wheat, vegetable oils, fertilisers and petroleum, and not by capital equipment or raw materials for private sector industry.

CONTINUED ON NEXT PAGE

# 'Restructuring' in the public sector

PAKISTAN'S SIX-YEAR experiment with the nationalisation is at an end—for now. The military Government's verdict on the Bhutto era was as negative on this issue as on practically every other—and so the policy was changed. But after considerable agonising, "denationalisation" is out, meaning that none of the existing public sector plants is to be handed back to private enterprise. Instead there is to be "reorganisation" and "restructuring," processes now said to be going ahead.

With no further nationalisation planned, General Zia-ul Haq last month tried to reassure the private sector by ordering a constitutional change guaranteeing compensation where any takeover becomes unavoidable. But great scepticism accompanies such notions about the constitution, which has hardly been a durable instrument in Pakistan. How long the new policy will last depends on the Government's ability to survive—and therein lies the continued uncertainty.

Since Mr. Bhutto fell, the Government has commissioned at least four internal studies of the country's public sector. None have been published. Apart from bare outlines leaked to the local Press, the only available opinion drawn from them is in a White Paper on the economy published in January. As the White Paper was part of a hail of propaganda launched by the Government immediately before the Supreme Court's appeal judgement on Mr. Bhutto, its views need to be discounted. But the paper does quote directly from one of these studies—the Uqaili Commission of Mr. N. M. Uqaili of PICIC, an institution providing long-term assistance to private industry.

According to the White Paper, the Uqaili Commission report says that of 54 industrial units in the public sector only 15 remained profitable in the whole of the 1972-77 period. In at least eight of these cases this was for special reasons related to pricing or simple accounting. In 11 units losses were continuously recorded. Another seven recorded losses for four or five years out of the six under review. Labour productivity was said to have declined in 39 units, and capital utilisation in 21 units. Thirty units operated below 70 per cent capacity.

## Judgment

Giving its own judgment, the Government says Mr. Bhutto's regime "exploited the nationalised sector for political purposes regardless of the damage it caused to the efficiency of the industrial units and national interests." It adds that the "selection of ineffective, inefficient and unqualified management and overstaffing of enterprises was done purely for political expediency," and that nationalisation was "intended to break the economic potential of any possible political opposition."

Few people doubt that Pakistan's experience with nationalisation has been a disappointment. In the first place it appeared to be never-ending, despite promises to the contrary. The takeover of 31 of the largest manufacturing companies in ten basic industries came within weeks of Mr. Bhutto's coming to power at the end of 1971. He went on to nationalise life insurance and petroleum distribution in 1972, the vegetable oil industry in 1973, banks, shipping and the cotton and rice export trades in 1974. And before he fell all rice husking, flour milling and cotton ginning mills were nationalised. As a result the public sector's share in total industrial investment quickly increased from 8 per cent to more than 70 per cent.

Rationality appears to have had little place in this process. In the early takeovers, which covered chemicals, engineering, cement, fertilisers and so on, not all units were nationalised, and in those that were managers were replaced but ownership was not changed. When that came later, in 1973, confusion reigned over compensation. Control of the taken-over enterprises was reposed in the Board of Industrial Management (BIM), which, lying between the Ministry of Production and the various corporations and plants, was supposed to behave as a holding company modelled on Italy's IRI and ENI. It was never given the powers to do this.

## Inefficient

Although the present Government often tends to forget it, many of the industries taken over were already inefficient. The so-called "golden era" of Ayub Khan, to which many people now hearken back, was a period when the private sector made high profits. Industrialists had political and economic power and the benefit of an overvalued rupee, which was artificially devalued in respect of industrial exports. This provided plenty of protection and subsidy. International competitiveness was soon eroded, however, and by the 1970s, when private investment plunged, the picture was far from golden. Nationalisation came without swift compensation and after the loss of assets in East Pakistan. Some say the private sector has never recovered.

With such a bad start, the public sector was then given impossible objectives. Plants were forced to hold down prices despite rising costs, and to increase wages without reducing the workforce; casual labour was converted into permanent staff, and extra labour had to be taken on. With little autonomy, outdated plants and worn-out machinery, productivity plunged and profits sank, but dividends were maintained and taxes were tightened. Self-financing consistently stood at less than 2½ per cent of total investment. Shortages of raw materials, fuel and transport, labour unrest, loss of skills abroad and slack demand made things worse. Poor management drawn from the civil service added to the problems.

The best performer in the public sector appears to have been the State Cement Corporation, which uses local raw materials and enjoys high domestic demand. Most of its plants operate close to full capacity and have made profits even though prices have been lower than international prices.

Over the past two financial years BIM has been responsible for about 80 per cent of total public sector industrial investment. Close to three-quarters of this has gone on the Pakistan Steel Mill, which comes under its aegis, and on various fertiliser projects in the public sector like the Pak-Arab project with Abu Dhabi in Multan and the Pak-Saudi project in Sind.

Public sector investment remains high not only because of capital hungry projects but also because it is difficult to defer or reduce expenditure when the private sector is not taking up the slack with its own investment. In spite of the military Government's policy of encouraging private sector enterprise, the signs of a revival have yet to emerge strongly, although investment interest has clearly grown this year compared to last.

After the first flush, when it reversed Mr. Bhutto's nationalisation of rice husking, flour milling and cotton ginning mills, the Government has tended to move rather hesitantly in translating its commitment to private enterprise into action.

More important, until General Zia's announcement last month guaranteeing compensation, the Government's nationalisation policy was still a matter of confusion. Last October it was announced that some nationalised units would be handed back to the original owners. Although it was uncertain the original owners would take them without the Government shouldering the losses and giving permission to hire and fire (which means fire), the principle apparently being established was important.

A few weeks later, however, the policy was "clarified": there would be no "denationalisation." The reason, not specified at the time, was that workers who feared for their jobs in many of the plants protested volubly at the idea. Thus, in spite of running a martial law regime, the Government shrank from its commitment and simply repeated a promise not to nationalise. Only one plant, an engineering works at Nowshera in the North West Frontier province, was handed back. When no others were similarly disposed of and worker resistance emerged as the reason, the policy was held up to ridicule. But as one official candidly put it, not even a martial law government want to be seen as high-handed, and especially not unpopular.

Labour's continuing strength in Pakistan's industry is perhaps clearest in the public sector. In many ways it is a reflection of the weakness in the 1960s, when the industrialists were top dogs. They naturally complain bitterly about the sharp 180-degree turn by Mr. Bhutto; but the still-powerless public sector managers also feel, even under this Government, that the balance is in Labour's favour.

Employment in the BIM enterprises between 1976-77 and 1977-78 shows a rise from 64,600 to 66,600, while production has increased 17.5 per cent, partly thanks to output from additional units, notably an expanded refinery and the heavy foundry and forge at Taxila near Rawalpindi. Sales have climbed from Rs 6bn to Rs 7.5bn, while net profits before tax have fallen from Rs 159.2m to Rs 152.5m.

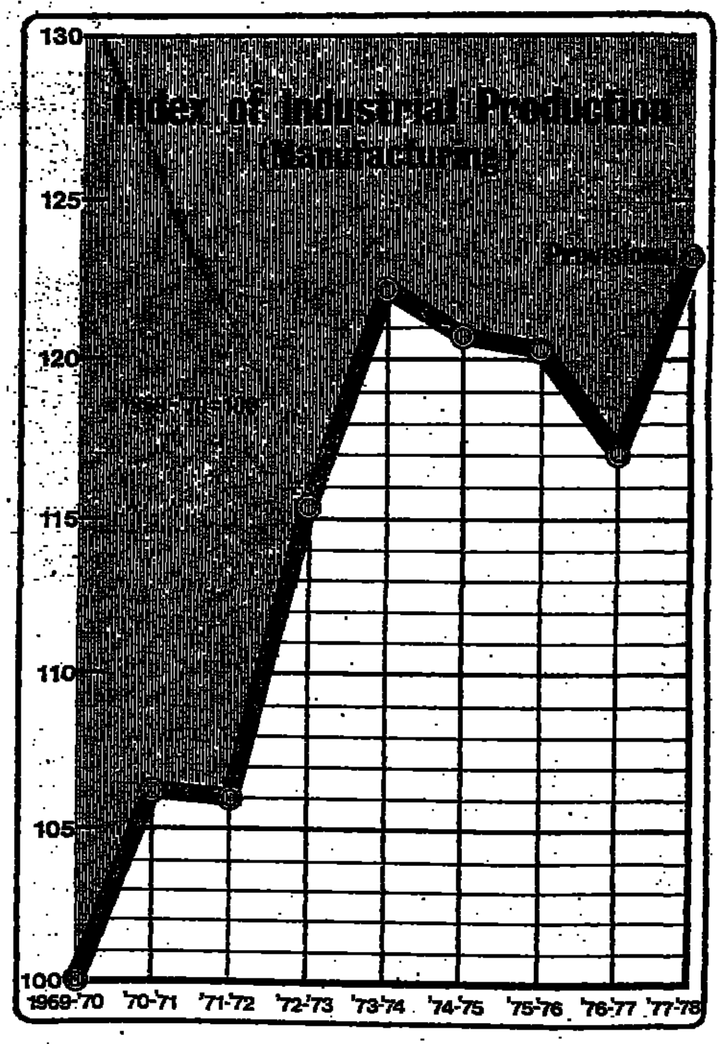
Apart from trying to help the mills, the Government has also begun moving to reform the public sector as a whole. In February the Cabinet decided to wind up the BIM and established a committee, consisting of the ministers of industry and finance and the deputy chairman of the Planning Commission, to recommend mergers of plants and corporations and to restructure where necessary the burdensome debts of particular plants.

In the cabinet's view the BIM has not exercised any control over public sector corporations since 1974 and has become "practically inoperative and ineffective."

Its basic policy is that the Government has invested huge amounts of public funds and resources in the state industrial enterprises, and therefore "these should remain subject to ultimate control by the Government, which is in turn responsible to Parliament . . ." It has also announced that the Ministry of Production itself will be reviewed, and that the salary structure in the public sector will be revised—public sector managers are acknowledged to be poorly paid.

In the end, though, the Government will have to cope with problems at the production and financial levels—with inefficiencies in the plants themselves and with low profitability—as well as these broader questions of administration, management freedom and the capital intensive character of public investment. Having virtually eschewed public ownership in the 1960s and then exaggerated its importance in the 1970s, the Government will have to follow a middle way, preferably by choice rather than default. At the moment a sense prevails that it is groping in the dark.

**Chris Sherwell**






# Problems

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With remittance increases slowing and debt service still very heavy (around $500m a year) the level of current deficit will have to be brought down. Pakistan will be under heavy pressure from the consortium for sterner measures to curb demand, reduce subsidies for items like wheat, fertilisers and oil, cool the building boom which is drawing in big cement imports, and increase taxes on non-essential consumption. More than ever that would mean industry having to look overseas for growth or raise productivity to keep down prices.

There is plenty of scope for both. But time and effort are needed. So, too, is skilled manpower, which is in ever shorter supply because of migration.

Raising productivity will also not be easy in the current political climate. The martial law administration seems unwilling as yet to challenge organised labour on questions of overmanning and the ability of managers to fire incompetent workers. There are hints that it could do so "once the Bhutto question is finally settled." But that has not yet happened.

Indeed, the underlying complaint about the present regime is that it has not made a sharp enough break with the past. In the words of one enlightened bureaucrat: "What we need is not just a clean break with the Bhutto past of political skulduggery and petty bureaucracy masquerading as socialism. We need a break from the over-protected old-style capitalism.

"Industry, public and private, has as much capital as the nation can afford to give them. What we need now is a policy that both enforces and rewards efficiency and profitability in the public and private sectors of industry. It needs fewer controls, fewer subsidies, fewer tariffs. That way industry will earn profits to reinvest and foreign exchange to buy materials. Pakistan need industrialisation if only to back up the rural sector. But inefficient industry is worse than no industry."

# New incentives for private investors

'IIVATE CAPITAL in Pakistan still licking the wounds it stained during the Bhutto era d from the earlier loss of East kistan. It is generally thusiastic about the Zia vernment's policies, is seeing upturn in profits and beginng to think of expansion. But s still unsure of the durability current policies, and conrned that the Government has t been prepared to force a nfrontation with organised oour. As a result it is not parently yet prepared to place big a bet on the future.

The Government clearly lieves that the private sector nts too much and still yearns the "good old days of Ayoub ian" when capital enjoyed issive incentives and easy ofits. But having lost out ice in a decade it is not surising that investors are wary. rthermore, the manner of utto's nationalisations, as ich as the fact of them, has t a sour taste and a cynicism vards government. (Each ind of nationalisation was lowed by solemn promises at there would be no more.)

But the suspicion is not all e way. The nationalisations y have had little motive yond spite and politics. (They t all foreign companies unched.) Yet there is lingering collection of well-founded cusations that the private tor had engaged in massive asion of excise duties and ome tax, and made easy ofits behind of wall of tariffs imports, an effective subsidy raw cotton, subsidised credit d easy availability of capital uipment. Industry, according its critics, failed to re-invest se easy profits in improving ality, diversifyng products d markets or even adequately intaining existing plant.

The Government now feels it it has done all that it isonably can to improve restor morale. It has given no-nationalisation guarantee d even built it into the istitution. It has provided array of new tax incentives, justed prices to improve ofits and made credit for ports cheaper.

The ambiguous attitude of vernment and private sector wards each other is illusated by the issue of detionalisation. The Zia Government quickly de-nationalised the e mills and cotton ginning ills which are mostly quite nall rural enterprises. But it s made no move to denationalise industrial or financial concerns. It wants to hold on to the banks because they are highly profitable and give clout to the bureaucracy. But equally, it is under only token pressure from the private sector to hand back industrial units. It would only want them if they were clearly profitable and debt-free and there was freedom to reduce workforces and close unprofitable plant.

But the Government has promised the workers that no plants will be closed — a political concession that augurs ill for the public sector.

The Government is, however, allowing private capital to compete with the public sector in most areas. Products specifically thrown open to the private sector include steel rolling, forging and casting; non-ferrous metal manufacture; electric motors; assembly and progressive manufacture of tractors, scooters, power-tillers; cement, cables and downstream petrochemicals.

Generally, any industry open to the private sector is open to foreign companies, though they are not allowed into areas of very basic technology such as rice milling or textiles (apart from the export processing zone). However, with regard to textiles there are some voices suggesting that foreign investment be allowed, at least into finishing printing and garment making, to provide a lead towards higher quality, product diversification and market awareness among lagging local concerns.

Evidence that the basic problem with the private sector is not lack of skill or drive but suspicion of Government and fear of losing assets is provided by the three industries which have been thriving despite everything — construction, carpets and shipbreaking. They are distinguished by two characteristics in common; they require little fixed capital investment and they are largely outside the realm of Government interference.

Construction has boomed because of a flight of capital into safe, nationalisation-proof residential property, and an inflow of capital from remittances into home ownership. Private sector construction grew by 40 per cent in 1976-77, more than doubled in 1977-78 and is still growing strongly, as evidenced by the large cement imports now needed to feed it. The boom has created demand for building materials and reinforcing steel.

The construction boom thus fits with a boom in the shipbreaking industry, a business which grew up on an ad hoc basis on beaches outside Karachi. The scrap is mostly directly re-rolled in one of the several small private sector mills in Karachi. Shipbreaking requires little capital and no infrastructure—basically just a quantity of workers with oxy-acetylene torches and supporting transport to the rolling mills.

It creates employment and saves imports. It has also spawned other developments, notably a $5m investment by Pakistan Oxygen (a subsidiary of British Oxygen Company) in compressed gas production and distribution.

Most remarkable of all, however, has been the growth of the carpet industry, with exports rising from $18m in 1971-72 to more than $118m last year. This labour-intensive handicraft industry has combined cheap labour with artisan skills, backed by small-scale private sector capital and official support through loans. It is also an area where the marketing talents of the Karachi mercantile class have proved appropriate, providing the vital link between a fragmented production network and a fragmented, individualistic market.

There are now some 10,000 small-scale handloom carpet weavers with a capacity of around 125,000 square metres. The carpet boom has also created new demand in the wool spinning industry.

## Enterprise

The leather industry has also been an example of successful enterprise in the small-scale sector. Growth has now tailed off but with exports last year at $64m it now follows rice, cotton yarn and fabrics and carpets in the export line-up.

Assessing the extent of the revival of private investment is difficult. It has yet to show up in the national income or machinery import figures. But it is generally agreed that a modest revival is underway, with companies prepared at least to spend small amounts to expand production or replace equipment, though they are mostly not yet ready for major new ventures.

Six new public company prospectuses have been issued so far this year. In the period 1974-8 only 28 new companies went public.

Stock exchange prices and trading have also moved ahead. The Investment Promotion Bureau reports that investment approvals in the second half of 1978 at Rs 2bn were more than double those of the corresponding period of the previous year.

Most of the increase was accounted for by two cement projects approved. Provisional go-ahead has also been given in respect of no less than 6 cement plants. Cement is attracting interest because of the domestic shortage and the demands of the Gulf countries (whose investors are behind some of the present proposals). Availability of raw materials and access to cheap natural gas give cement particular attraction.

However, though two investors now have a final go-ahead there is no evidence yet that they are starting work. Delays in implementation indicate two problems—a lingering lack of confidence, and a lack of money.

Nationalisation and a succession of low-profit years have, it is said, left industrialists with insufficient equity capital to form the starting point for big projects like cement plants. With plenty of bad debt experience behind them, local term-lending institutions do not relish debt to equity ratios above 60:40. And though it is not at present very difficult to raise 50 per cent of required equity from the public that still leaves the entrepreneur a lot to find on his own for a multi-million dollar project. Even if he has it, it is not yet clear whether he is prepared to risk it.

Another problem is lack of foreign exchange loans. The main lender of foreign exchange to the private sector is the Pakistan Industrial Credit and Investment Corporation. PICIC is funded by loans from the World Bank, ADB and certain bilateral aid passed on to it by the Government. But partly as a result of past defaults, it is short of money and anyway cannot make loans of more than $5m. Suppliers credit are available from overseas but require confirmation and guarantees from foreign banks or the State Bank.

The inadequate credit standing of local capital may be one reason why the investment running at present seems to be being made by foreigners. Biggest investment on the drawing board is the 10,000 units-a-year tractor plant planned for Lahore. Massey Ferguson will have 49 per cent, the Government 51 per cent. Final go-ahead is hoped for soon.

Initially the plant will be little more than an assembly operation with only about 30 per cent local content. But over a period of five years casting, forging and machining would be installed to bring local content to a high level. Total investment over the period would be about $120m. Start-up would be two years from final go-ahead. Another significant foreign project is that by ICI Pakistan to build a $15m 12,000 tonnes-a-year polyester plant. It would compete with a similar sized plant being set up in the public sector with Saudi backing.

ICI originally wanted to build the plant back in 1973 but was thwarted by the Bhutto government. The present Government is keen and the company seems sufficiently convinced of the profit climate to go ahead. It is probably more than happy that the Government will be in competition with it. This will almost certainly mean that it will receive a sympathetic hearing and be assured of more than adequate tariff protection against cheaper imports.

The project will more than double the total assets of ICI Pakistan, a locally quoted company in which the UK parent has a 70 per cent stake. Local equity will probably be increased by a rights issue to help pay for the new plant.

To help attract foreign trade and capital, the Government has adopted a relatively liberal attitude towards foreign banks (which emerged unscathed from the Bhutto nationalisations). Five from the Arab world (including BCCI, which has strong Pakistani connections) have been allowed to set up in the last few years. Existing foreign banks (three American, two British, one Japanese, one Dutch, one multi-European) have been allowed to open new branches in Islamabad. Recently a licence was granted to Banque de Suez and de l'Indochine.

But however valuable foreign investment in industry may be in introducing new technology and generally raising the industrial tempo the fact remains that so far it has tended to be capital-intensive, import substituting and over-protected by tariffs. What Pakistan most needs from the private sector are exports, efficient use of existing levels of technology, and labour-intensive industries using local raw materials.

**Philip Bowring**

PRIVATE AND PUBLIC SECTOR INDUSTRIAL INVESTMENT

(At current prices, Rs m)

| | Private Industrial Investment: Large & medium scale | Private Industrial Investment: Small scale | Public industrial investment | Total industrial investment |
|---|---|---|---|---|
| 1963-64 ... | 1,044 | 124.4 | 39.8 | 1,208 |
| 1964-65 ... | 1,188 | 135.4 | 132.7 | 1,456 |
| 1965-66 ... | 1,084 | 146.0 | 133.5 | 1,363 |
| 1966-67 ... | 1,022 | 162.9 | 134.1 | 1,319 |
| 1967-68 ... | 1,050 | 167.1 | 148.5 | 1,366 |
| 1968-69 ... | 1,003 | 174.0 | 93.7 | 1,271 |
| 1969-70 ... | 1,208 | 187.7 | 179.2 | 1,575 |
| 1970-71 ... | 1,224 | 201.7 | 68.2 | 1,494 |
| 1971-72 ... | 1,016 | 219.1 | 98.5 | 1,334 |
| 1972-73 ... | 763 | 255.9 | 110.6 | 1,130 |
| 1973-74 ... | 697 | 325.5 | 382.3 | 1,406 |
| 1974-75 ... | 990 | 446.5 | 1,065 | 2,502 |
| 1975-76 ... | 1,309 | 509.5 | 3,182 | 5,000 |
| 1976-77 ... | 1,162 | 585.3 | 4,554 | 6,308 |
| 1977-78 ... | 1,181 | 642.3 | 5,464 | 7,295 |

# Company taxes cut

*IN TERMS* of formal inducements to onshore manufacturing investment, Pakistan is now on a par with most nations in developing Asia. And with its Exporting Processing Zone it will soon join the ranks of Taiwan, South Korea, Malaysia, Philippines, Indonesia and Sri Lanka in bidding for duty- and tax-free assembly operations.

Corporate tax in Pakistan consists of 30 per cent income tax on assessable income, plus another super tax levied on a sliding scale but reaching its top rate of 30 per cent on income over Rs100,000 a year.

However, this effective rate of 60 per cent overall is reduced to 55 per cent for new industrial undertakings and all public companies. All companies with paid-up capital of Rs5m or more must go public. And the key financial institutions, Investment Corporation of Pakistan and Pakistan Industrial Investment and Credit Corporation, normally require all companies receiving their backing to go public. Small companies (with capital and reserves of less than Rs1m) also receive a 5 per cent rebate. Mineral producers and food processors get an additional 10 per cent rebate and remitted foreign income receives a 15 per cent rebate.

A five-year holiday from all income tax is available to all manufacturing companies setting up in Baluchistan province. (This should be a major incentive. The Baluchistan border is only 11 miles from Karachi. At present power and water supplies are not available adjacent to the metropolis but they will be soon.)

There is a complete five-year tax holiday for garment making (except in Karachi), poultry and fish farming. All commercial and industrial undertakings are allowed to deduct from assessable income half that derived from manufactured exports. Foreign investors in manufacturing can remit dividends and capital on disinvestment.

Imported machinery normally carries an ad valorem duty of 40 per cent. However, there is 50-100 per cent exemption for industries set up in less developed areas. Machinery for "modernisation, balancing and replacement" in the textile industry is duty exempt, as is all garment-making machinery.

Initial depreciation of 25 per cent is allowed on plant and machinery and 15 per cent on industrial buildings. The standard rate thereafter for machinery is 10 per cent, but special rates of 20 per cent are sometimes allowable. Accelerated depreciation of up to 50 per cent of normal is available for double and triple shift working. A tax credit of 15 per cent of the cost of machinery is available when spent on modernisation of existing industrial units.

Most raw materials can be imported as and when needed under the so-called "free list." Duties vary quite widely. Generally they are lower on raw materials than on finished products. But the government indicates that it will listen sympathetically to requests for bigger differentials between duties on intermediates and end products if these are needed to make domestic industries viable. There is no sales tax on industrial equipment. Sales tax on other inputs is rebated on exports.

The government, through the Ministry of Industry, operates an Investment Promotion Bureau to encourage and assist investment, especially foreign investment. The Bureau vets investment applications and assists companies obtain necessary approvals and agreements.

The Bureau has identified various promising export and import-substituting industries suitable for private investors, indicating size of market, amount of capital and types of skill required. It is particularly keen to identify and promote investment by overseas Pakistanis, and by returned migrant workers in small industries.

**P.B.**

# Oil policy dispute

OIL IS a controversial growth industry in Pakistan. After a period of stagnant domestic output when it produced about 13 per cent of the country's requirements, it has embarked on a period of unprecedented expansion.

Within two years the country expects to be producing 50 per cent of its needs itself. By 1985 it could be self-sufficient, extracting 100,000 barrels a day. This will relieve the burden of spending a third of annual export earnings on oil imports.

The controversy focuses on the degree of control that the government should exercise over the industry—specifically over the industry's refinery sector. Ironically, it might never have emerged if foreign oil companies had not been attracted into the country to help make the big new expansion possible. For the moment the matter has been settled in favour of the private sector, but it has brought the suspension of a key government oil official, and a question mark inevitably hangs over the policy of a future government in Pakistan.

Oil exploration and discovery in Pakistan has been a sporadic affair in the past, largely because of local shortages of foreign exchange, a lack of confidence among foreign oil companies and inadequate administration. Efforts by American companies in the 1950s tended to be rudimentary and cursory, partly because they won tax advantages simply for working abroad, but also because they faced technological difficulties and drilled too shallow.

Establishment of the Oil and Gas Corporation by the government in the early 1960s failed to take up the slack, and it was not until this decade, when the oil price quintupled, that exploration efforts began anew. Contact was quickly made with the foreign oil companies with the aim of intensifying the search.

Pakistan offered to share drilling costs but would not put up any risk capital: in the event of a discovery it would take at least 50 per cent of production. On the other 50 per cent it would take options on a negotiable portion and 12½ per cent royalties. The companies came in growing numbers.

It was the man behind the negotiations with these companies, Dr. Shehzad Sadiq, who found himself suspended last June.

Dr. Sadiq, then secretary of the Petroleum Ministry and chairman of the Oil and Gas Corporation, had found himself at loggerheads with Attock Oil, a private company with producing wells and a small refinery near Rawalpindi. The argument involved Attock's fulfilment of its existing obligations and the terms for renewal of its concession, due to expire in 1980.

Attock is a British-registered company whose shareholders include businessmen from Saudi Arabia and the United Arab Emirates.

The deal finally agreed with Attock by November split its activities in two. Ownership of Attock's production arm, known as Pakistan Oilfields Limited (POL) would remain the same — Attock would hold 60 per cent, the government 34 per cent and the public the remaining 6 per cent. Attock's 100 per cent share of the refinery would be diluted to 60 per cent. In addition the other shares would not be with the government but with the "Pakistani public." The refinery company's name would be Attock Refinery Limited (ARL). As a result of the deal the equity of POL is being raised from $2m to $12m through a rights issue offered in January.

## Fixed

At the same time POL has been given a fixed price of RS 45 a barrel (about $4½) for the oil it produces, and a number of production targets. For 1979-80 the daily average is 10,000 barrels a day, a target it was already meeting. For 1980-81 the target is 11,500, moving up to 17,000 by 1982-83. POL will pay a penalty of RS 5 a barrel if it fails to reach these targets, and receive a bonus of RS 5 if it exceeds them.

ARL is being given a fixed return of 15 per cent on its refining, up from the 12½ per cent available to its predecessor. This is achieved through government control of prices of refinery products and a facility called the "development surcharge." A royalty of RS 6 a barrel paid to the government will come to an end. ARL will go to the market to finance the $15-18m refinery expansion. The government will provide guarantees if the company borrows from recognised financial institutions, and Attock is presently negotiating with finance companies and banks.

Attock believes it has made major concessions in agreeing to these terms. It sees the splitting of the companies, its "withdrawal" in refining and its agreement to a price far below the international price as the furthest it could go without antagonising its principal investors. But Petroleum Ministry officials believe the return they will reap under the arrangement will be more than adequate.

One government official describing the production targets as "very liberal," says that all Attock will have to do is drill one well a year in its Meyal field. Dr. Sadiq goes further. He says that by next year Attock probably will be getting $5 a barrel because of high production. Even Attock officials, who said gloomily last year that they agreed to the deal only because it was senseless to let the refinery go to waste, now admit that they would not have gone into the whole operation if money was not to be made.

At the core of the dispute over the deal is a debate about Pakistan's oil prospects. The proven reserves estimate of Attock's Meyal field is still not publicly known. Despite going ahead with a decision on the refinery, the Government appears to have received no figures from Attock on the field's proven reserves because Attock refuses to reveal them on the grounds that they are "confidential." Yet production targets have been set and Attock's return depends crucially on its ability to meet them.

The Government says its controls are sufficient and that a majority shareholding in the refinery is unnecessary. It decides prices of inputs to and outputs from the refinery, and it has its own representatives as directors on the board. Attock has recently employed as its chief executive in Pakistan the former managing director of Pakistan Refinery Ltd., one of two refineries in Karachi handling imported oil.

Clearly, a good deal hangs on the figures for Meyal's reserves. These and the development of two other fields, Tut and Adhi, over the next two years, will determine future refining capacity after the expansion of the Attock refinery. Production from Tut is to grow to 10,000 barrels a day by the end of 1981 and three development wells are in an advanced stage of drilling. The Adhi field's potential is unknown as yet, but a minimum of 7,000 barrels a day by next year is a possibility.

With the 17,000 barrels a day (and quite possibly more) from Meyal, demand for refining capacity will grow. The Government says it is fully prepared, and earlier the Cabinet's economic co-ordination committee ordered the installation of a so-called "topping plant" at the Attock refinery.

This will refine 10,000 barrels of oil a day, and represents another $10m investment. It has been described as a "stop-gap arrangement," but it too is controversial, because the Government is also preparing for the establishment of a "mini-refinery," a different animal again but also capable of refining 10,000 barrels of oil a day.

Critics wonder whether by the time these come on stream the more costly expansion planned for the existing refinery could even come up for reconsideration. Further questions about the country's refining capacity seem bound to arise in the 1980s. The reserves at Tut, with prevailing production methods and with an oil price of $4½, amount to between 50m and 60m barrels.

The field belongs to the Oil and Gas Corporation—and is being tapped under a co-financing package involving the World Bank ($30m), the Canadian International Development Agency ($110m) and the British Overseas Development Ministry ($13m).

A recent $15m loan from Canada, for example, was interest-free and repayable over 50 years with a 10-year grace period.

No figures are available yet for the reserves at the Adhi oilfield, which is being developed in a joint venture by Pakistan Petroleum and the American company Amoco. But the government is known to be optimistic thanks to the discovery of oil at three deeper levels, and one estimate suggests that reserves could be as high as 20m barrels. Taken with Tut's 50m and Meyal's minimum of 100m, Pakistan has enough oil in these fields alone to remain self-sufficient for almost two decades.

Meanwhile, foreign oil companies are continuing to move in to explore for still more oil. Eight companies have a presence so far: Gulf, Amoco, Occidental, Union Texas, Murphy, Marathon, Paktexasgulf and Husky. Shell, BP, Phillips and Enserch have also expressed interest. Pakistan offers the companies legal protection against nationalisation, negotiable tax rates, a nominal rate of import duty on equipment and machinery and guaranteed repatriation of import duty on equipment and machinery and guaranteed repatriation of profits.

In one precedent-setting deal with Gulf Oil, even the World Bank has become involved. Under an agreement signed last November, Gulf and the Oil and Gas Corporation will share exploration expenditure in a 15: 15 proportion with Gulf bearing the full foreign exchange costs. On commercial discovery of Petroleum, the corporation's interest will increase to 50 per cent without any re-imbursement to Gulf of a proportionate share of its prediscovery expenditure.

The World Bank has undertaken to provide finance or help arrange finance (the Bank refuses to put it higher than this) to meet development costs. The bank says this is in accordance with its own objective of promoting foreign private investment in the oil sector in developing countries.

The Bank plainly has acted as a catalyst in the agreement, ensuring for Gulf that the terms of the agreement with the Government shall not become unstable in the event of a discovery. Under the agreement, the government's share of the oil take has increased to nearly 70 per cent.

Domestic production of oil last December was 11,200 barrels a day, 16 per cent of which came from Tut, the rest from Meyal. The targets Pakistan has set for itself reflect the government's strategy of achieving self-sufficiency as quickly as possible.

But past experience does not augur well: exploration and production has developed only slowly, partly because Attock has been too small a company and undercapitalised, but also because this area of the world had never seemed attractive before. Now the position has changed. The question remains whether Pakistan has managed to secure the best terms for itself.

**Chris Sherwell**



# Export zone planned

AFTER A half-hearted "debate" stretching well back into Mr. Bhutto's period in power, Pakistan has at last decided to go ahead with an export processing zone, aimed at attracting entrepreneurs who would help build up through exports the country's manufacturing industry.

An announcement earlier this month said the Cabinet had approved its establishment near Karachi, but gave no hint when it might start functioning. With the present government committed to elections this year, the zone is expected to start under a new régime. That almost certainly means it will begin attracting attention only when the country's political future is a little clearer.

The zone, modelled on the well-known precedent in Singapore, will cover 500 acres about 20 miles along the coast from Karachi. At the moment it is just a flat piece of land and therefore at least a year behind its counterpart in Sri Lanka. Although it is said not to be in competition with other free-trade zones, the fact that it will be a late arrival — an export zone is already operating in Bombay — could affect its chances of success.

Government officials reckon that for prospective investors one big attraction will be the zone's location near lucrative Middle East export markets. In their judgment industrialised countries like Japan will want to fabricate goods in the zone for export to these growing markets, sending them up the coast in small ships that can by-pass port congestion at the other end. At the moment, these officials reckon, congestion is costing exporters enough to make the Pakistan alternative worth while.

It is a novel argument, but the real attractions of location are likely to be the relatively easy communications. The site will be within reach of Karachi Airport to the west and the new port, Qasim, three miles to the east, when it is finally built. It will also stand on the new Indus Highway which will connect the old and new ports.

How attractive these locational advantages will prove to be depends on how much Pakistan's importers and exporters can improve present levels of handling efficiency. For a country whose government's main source of revenue is duties, these levels could be heightened.

The financial incentives for prospective investors will be along the lines of other countries. Although details have yet to be worked out, they will include an absence of import and export duties and an unspecified initial tax holiday. Land lease arrangements will be made attractive, and there will be no tax problems for foreigners wanting to work in the zone.

The existence of cheap and plentiful skilled labour, another common attraction in such trade zones, is less certain if the bitter complaints of local businessmen are anything to go by. They say Pakistan is being drained of its skilled labour by high wages abroad, and believe the country is becoming a crude form of labour colony, educating its children for others' benefit.

Some also accuse the government of forcing them to buy their labour off with unnecessarily high settlements when the wage rounds come to secure industrial peace. They complain too that the allowances, bonuses and leave arrangements they have to pay for are too high for the small amount of work that the low-productivity Pakistani labourer tends to do.

Officials give varying answers to questions about the labour laws that are likely to apply in the zone. One said the laws would apply equally inside the zone; another said there would be curbs on strikes and go-slows. In fact, on this and other matters it is clear that much remains to be discussed and agreed. This probably will be done once the Export Processing Zone Authority is finally established under a law that will be promulgated, perhaps as soon as next month.

The authority's first task will be to ensure that the site receives the necessary services. Power will come from a nearby thermal power station, and gas from Baluchistan can also be supplied relatively easily. Water supplies are apparently expected only by the middle of next year, which indicates the leisurely pace at which things are going at the moment. The government says initial estimates of developing the infrastructure are $8m.

Applications will start being considered within a few months

CONTINUED ON NEXT PAGE

# Textiles capable of a revival

TEXTILES EPITOMISE much of the past promise and present problems of Pakistan's industry. Unless other sectors fail dismally, its relative importance should decline. But it still has the potential to recover from its present troubles and resume at least some of the glamour it enjoyed from the mid-1950s until the early 1970s.

Then, textiles were a main reason for the high regard in which Pakistan's development progress was held. Even in its current state, it is by far the *country's largest industry and* the sole large-scale exporter of manufactured goods.

Textiles are the obvious basic product to which most developing countries have looked to put them on the road to industrialisation. But in Pakistan's case it was rather more: the industry linked directly to the rural sector and could use the rapidly-increasing supply of raw cotton grown by the farmers of the Punjab. From this chain grew a thriving spinning and weaving industry supplying the world as well as Pakistan.

Second, it was proof that the mercantile class of Karachi, and even the feudal, landed class of West Pakistan, could turn their energies and money to manufacturing. They did. Helped by government and foreign aid, growth was dramatic and sustained—it was almost a showcase.

But times have changed for the worse. Now, a significant part of the industry is classified as "sick." Production is well below capacity with productivity of men and machines very low; quality is lagging, the products are insufficiently varied; equipment is out of date and mills are deep in debt.

The problems of Pakistan's textile industry are well reflected in the production statistics. At the turn of this decade, yarn production was running at about 300m kilos a year and cloth production at about 600m sq metres. Direct yarn exports were about 100m kgs and cloth exports at about half total production.

## Division

In theory, the industry should have been dealt a severe blow by the division of Pakistan and the emergence of Bangladesh at the end of 1971. East Pakistan had accounted for nearly half domestic demand while mills were mostly situated in the west. But new export outlets were quickly found and yarn production continued to grow, reaching a peak of 379m kgs in 1973-74 and cloth output took only a slight dip from its 1970-71 high of 658m sq metres as exports reached 518m sq yards in 1972-1973.

The world demand boom of 1972-73 not only enabled much of Pakistan's industry to forget about the loss of the East wing market but prompted substantial new investment. But by the time the new facilities came to full production the bottom had fallen out of the world market. Yarn exports were worst hit, slumping to 75m kgs in 1974-75, *with prices also much lower.*

But Pakistan performed worse during the textile slump than most textile exporters and failed to rebound in 1976-77 when the market picked up. The events showed up structural deficiencies in the industry, which were then exacerbated by bad policy decisions and political interference.

The industry had grown up with most generous tax concessions on the import of capital equipment. At the same time excise duties on raw cotton kept domestic cotton prices below international levels. Effectively, the cotton growers of the Punjab countryside were subsidising the export effort of the spinning and weaving mills.

Big profits were made by many firms but not enough were retained for modernisation and development. Little attempt was made to move up-market or to move from grey cloth exports to dyeing, printing and garment making.

The boom brought in the business entrepreneurs, and sometimes rank amateurs, with insufficient knowledge of the game. So when the market turned difficult many were in no position to cope—by improving quality, developing *new products, cutting costs,* raising productivity or marketing more aggressively.

To make a difficult situation worse, the Bhutto government insisted that mills stay open and hold on to their labour through the slump, and at the same time absorb big pay increases for the workers. Large inventories were piled up and companies had to borrow from the banks in huge amounts to keep operating. Many became saddled with huge debts which finally forced some closures while others were financially crippled.

There was also a rapid decline in productivity. According to a UNDP survey, manpower productivity in weaving declined 10 per cent and in spinning by 17 per cent between 1971 and 1975.

The former government is also accused of having spoiled Pakistan's image in export markets by retrospectively raising export duties on yarn and cloth, forcing mills to renegotiate contracts. This damaged Pakistan's reputation in Hong Kong, its largest yarn market.

While Pakistan was suffering its largely self-inflicted wounds, exporters in other countries were increasing productivity, moving into synthetics and mixed-fibre fabrics, and making garments which require a multiplicity of fabrics. They also developed the ability to adapt quickly to fashion changes, and improved supply, shipping and commercial expertise.

The very low productivity of Pakistan's labour eroded the comparative advantage that cotton textiles should have enjoyed. With labour generally accounting for less than 10 per cent of a spinner's costs Pakistan cannot fall back just on cheap labour. It has to use its machines efficiently.

Its competitors in international markets are not so much the developed countries, which now closely control the volume of entry of products, but other developing nations including Brazil, Hong Kong, Greece and Mauritius, which mostly have better productivity from their manpower and often better machines.

After the overthrow of the Bhutto Government in 1977, the new administration turned a moderately sympathetic ear to the woes of the textile industry. A subsidy on cotton was introduced for a time when the price was low to give the growers a reasonable return and maintain a differential between domestic and international prices when the international price was low.

Direct subsidy was also given at the rate of 7½ per cent of value for yarn, 10 per cent for grey cloth and 12½ per cent for finished cloth, made-up articles and garments. These subsidies were supposed to offset the high cost of some import tariffs. Tariffs on power machinery for modernisation were also reduced.

## Margins

These measures greatly improved margins at a time when demand too was looking healthier and industrialists were less worried about the political situation. The pick up began slowly and in fiscal 1977-78 cloth output actually declined 4 per cent while yarn output rose 4 per cent. But cloth exports the same year bounded 22 per cent to 453.000m square metres, creating additional demand for yarn when its direct exports were still weak and, more important, clearing much of the industry's excessive inventory.

The improvement has continued in the current fiscal year. Yarn exports in first half (to end December) were very strong, suggesting a volume gain for the year of 60 per cent or so. Cloth exports—never as volatile as yarn—improved by a healthy 18 per cent over the same period the year before.

However, not all the news is good. A poor cotton crop at home resulted in a ban on raw cotton exports. Despite the ban, booming export demand for yarn and fabric has pushed local ginned cotton prices well above the support price level and almost up to world prices.

Indeed, some trade sources say that local prices are now effectively above world ones as lower quality should mean a discount of 5 U.S. cents a pound for average Pakistan grades compared to New York equivalents.

The other cloud on the immediate horizon is that even if the world market remains firm, Pakistan's ability to supply it will be severely inhibited by quotas. Its overall cloth and made up article quota utilisation rate in the U.S. market hit an unsustainable 109 per cent last calendar year. Quota usage rate to the EEC was 91 per cent, but that level is close to maximum in the splintered Nine.

Utilisation rate for the UK, which accounts for over half the EEC market, was 103 per cent. The EEC and U.S. markets together account for about 40 per cent of total cloth exports. Another significant destination is Iran, where demand is now uncertain as a result of the political troubles. So the industry is going to have to find new markets if utilisation rates of existing mills are to be raised and "sick" mills rehabilitated.

The Government set up a committee to look into these troubled mills on a case-by-case basis. At present about 700,000 spindles out of total capacity of 3.5m, and 3,000 out of about 21,000 looms, are out of action.

The industry claims that most of the units are capable of being revived. But it insists that to get them back into production the Government will have to be more generous, allowing write-offs of accumulated interest on closed mills, re-phasing debts and giving easier access to funds for modernisation and "balancing." Changes in tax law are also being asked for so that profitable mills which took over lossmakers would be able to offset accumulated losses against their own profits.

It seems unlikely that the Government, which is itself hard up, nor the semi-Government, term lending institutions, which are suffering from a shortage of foreign exchange to lend, will be forthcoming with any important new concessions for these ailing mills.

Despite the lack of both money and the right manpower, the textile industry still has an important place assigned for it in the country's current five-year plan. Investment in it is projected at Rs 4.8bn, or 25 per cent of the total for the private industrial sector. Cloth output is planned to grow at an annual average of 10.4 per cent and exports by about 5 per cent by volume. The targets are not unreasonable but a significant rise in value added is also needed.

In terms of volume exports the U.S. market offers slightly more promise than the EEC. Total yardage under the current bilateral agreement can grow by around 6 per cent a year—in 1978 the overall quota was 152m sq yds equivalent.

Items on which there are specific limits have the same allowed growth as the overall level. However, the overall usage rate is dominated by grey cloth which has low value added. Pakistan must try to move into new types of made-up articles and garments beyond towels and hosiery, two successful items which are already at quota limits.

Ideally, new lines are needed which at present are not subject either to specific limits or "consultation" levels and can build up a reasonable market before being engineered by yet more controls.

New products are even more needed for the EEC market, too, but they face even more difficult entry. Under the new régime imposed by the EEC on developing country exporters at the end of 1977, Pakistan's yarn and fabric exports are subject to the minimal 0.5 per cent per year annual growth allowed for ultra-sensitive products. About 75 per cent of Pakistan textile exports to the EEC fall into the ultra-sensitive category.

Less sensitive items have a 6 per cent growth rate and for Pakistan most items are not restrained at all (because Pakistan currently is not selling them). This absence of restraint on many items is of limited worth, unfortunately.

Duties on synthetic fibres are high—to protect cotton. Fabrics for garment export can be imported duty-free, so long as they are held in bonded warehouses. This scheme has helped garment exports, which have grown rapidly but from a tiny base. But even now they are running at only about $40m a year.

The go-ahead for the export processing zone near Karachi may help bring in some foreign companies interested in garment-making on a large scale. But the past failure of the Pakistan textile industry to move on from cloth has left garments a marooned business.

Even if it now grows under the stimulus of the EP2 and bonded warehouses, it probably will remain unintegrated with the rest of the industry. One reason is that while promoting garment exports, the Government has given the go-ahead to two different projects for domestic manufacture of polyester fibre—one in the public sector and one to be built by ICI Pakistan *Manufacturers.* They will have a combined capacity of about 25,000 tons a year.

The aim seems to be to meet more of the growing demand for domestic consumption of synthetics. But the high cost of operating two small plants in Pakistani conditions inevitably will mean hefty protection against world market levels. Unless this is offset by some new subsidy to exporters, the chances of Pakistan making much headway in world markets for mixed-fibre fabrics or garments made from them are not good.

## Domestic

However, domestic use of polyester will release more cotton for export in various forms, which would be useful if the cotton crop remains as problematic as in the past few years.

Essentially the Pakistan textile industry has fallen way behind. To catch up, it cannot rely on hoping to replace other suppliers in the now almost stagnant EEC and U.S. markets. It must go elsewhere.

The Middle East is not the obvious answer it seems at first sight because the rich markets' demand quality, and the poorer ones are setting up their own textile industries. Africa may be a better bet, though currently lack of shipping services is hindering sales efforts there—just as lack of container facilities and long port delays are hindering efforts to sell in developed countries.

But the overall picture is looking a little brighter and if the skills and experience that Pakistan has in cotton textiles can be more effectively and vigorously utilised, the nation might be able to regain some standing in the world textile business.

**P.B.**

# Export zone

CONTINUED FROM PREVIOUS PAGE

en the site has been planned. Officials say they have already received expressions of interest from about 300 potential investors, mostly local people interested in joint ventures—the only means by which they can get in on the act.

The suggestions are said to cover about 80 types of activity, including garment manufacture, es and toys. The critical question is whether any activities will be forbidden because they clash with manufacturing already going on elsewhere in Pakistan.

If the attractions for the foreign businessman or Pakistani businessman abroad are not yet self-evident, they are for the Pakistan Government and the country—provided the scheme can be made to work. In the first place it will generate jobs: how many no one is predicting, but the employment will have beneficial indirect effects and will introduce new skills. This will be emphasised if new technology industries come into the zone, as the government hopes they will. Access to new management techniques will also be a benefit.

Manufacturing and other activity in the zone will give a boost to the country's foreign exchange earnings too. Foreign investors coming in alone or with Pakistani partners will bring in foreign currency for the purchase of raw materials and machinery. Local value added will come from Pakistani manpower and services, and about 80 per cent of the output from the zone will be exported. Output sold in Pakistan will face the usual duties.

If the zone can be made to work, the question will remain whether it does all the things that Pakistan hopes it will. Free trade zones are common now and not all countries have had wholly beneficial experiences of them. There is talk of a second zone in Lahore, which is far inland, once the Karachi zone is established. Public opinion is so diffuse that reaction to this suggestion, as with the Karachi scheme, is difficult to gauge.

At the moment the scheme is mainly a test for Pakistan's administration. By its performance from now prospective investors will judge the zone's chances of success. But even so, they seem certain to ask about the investment climate in Pakistan. If that is as it is described now, the zone's chances will be rated comparatively small, however unjustly.

**C.S.**

# Steel drains the budget

TWENTY-FIVE miles east of Karachi, between the bumpy and congested National Highway and a tract of coastal swampland, stands Pakistan's first-ever integrated steel mill. Large cranes, tall chimney stacks and a vast web of concrete and steel dominate the horizon across a flat and dusty plain. The site itself is a daily hive of activity. Start-up date for pig-iron production is set for September next year, and steelmaking commences a year after that. By 1984 the mill is supposed to produce 1.1m tonnes of steel annually.

Whether or not it will do so without bringing the country's economy to the brink of collapse is still an open question. The Soviet-assisted project has long been the butt of controversy, and even now, when the mill has never had stronger Government backing, many people regard it as nothing short of a disaster. In their view the project is Pakistan's Concorde. The country, they say, is poor, short of capital and new jobs and in need of appropriate technology. In the Pakistan Steel Mill it has gone for an expensive, capital intensive, high technology prestige project based on imported raw materials. Even as it drains the budget dry, it cannot be stopped.

## Cost

When the foundation stone was laid at the end of 1973—several years after the project was conceived and four years after the first contract was signed with the Soviet Union—the overall cost was put at $1.3bn. Now as a result of higher cement and steel prices, increased wages and a growing debt burden, higher rupee costs have pushed the overall cost to more than $1.9bn. The $770m foreign exchange component remains the same, however. This is mainly because the bulk of it is to be spent in the Soviet Union where, under the agreement, the costs do not rise.

The Soviet Union gave a $451m loan repayable at 2½ per cent over 12 years, but no outright grant. When Pakistan began hitting serious budget and balance of payments difficulties last year, the Finance Minister in the present Government, Mr. Ghulam Ishaque Khan, travelled to Moscow in an attempt to neotiate new terms. After apparently tough bargaining, he won a number of concessions. The most important was a Soviet agreement to allow repayments to start one year after the commissioning of each steel plant shop rather than one year after the delivery of particular items of equipment.

On top of this Pakistan also won an unprecedented commitment from the Soviet Union to buy some of the plants' products at prevailing international prices in part repayment of its loan. A 1956 trade agreement between the two countries lists a number of items which the Soviet Union might buy with repayment rupees that it does not wish to convert into roubles. Steel has in effect been added to the list, although the final decision on sales remains with Pakistan. At the same time the Soviet Union has put a limit on the amount it can or will take—in the case of pig iron, for example. It amounts to some 80,000-100,000 tonnes, still a substantial quantity.

The main cause of the increased costs which led to the new terms was a series of delays to the project since 1973. Interestingly, Pakistan Steel officials deny stoutly that hold-ups in deliveries of Soviet equipment were responsible, as has been suggested: deliveries, they say, were in line with the original construction schedule. Rather, it was problems at home that caused the difficulty. Although in 1974-75 the project received all it needed financially from the Government, in the following two years, when its demands increased and it became a drain on the budget, money was less easy to come by. Then in the first six months of 1977, after Mr. Bhutto's controversial re-election and the disturbances which led to his fall, political difficulties further delayed the project.

A profile of expenditure so far shows that the turning point came in July 1977, the month Mr. Bhutto was ousted in a military coup. By that time a total of only $315m had been spent since 1968. In the 12 months from July 1977, however, expenditure ran only slightly lower than this nine-year total, at $298m. This financial year it is already at $228m after only eight months. Now everybody at Pakistan Steel is biting his nails thinking about the lobbying to be done to secure the $400m required for the coming year to see it over the hump and on the way to production. Unfortunately, at just the moment that the need is most crucial, the Government's need to trim its bursting budget is also at its greatest. Political uncertainty is hardly helping.

Just what a drain the project is can be seen in last year's five-year plan, which shows that 53 per cent of all public sector investment in industry in Pakistan is going on the mill. In this year's 1978-79 budget the mill was scheduled to devour Rs3bn, 17 per cent of all development expenditure. By February this year, the mill had already consumed a total of $339m and was still only 42 per cent complete. Of this figure $204m represented a draw-down of the Soviet credit, $161m the use of self-generated foreign exchange and $474m was in domestic rupee resources.

These figures represent money that could be used to great effect in building up the country's agriculture, a fact which many see as making the project even more expensive than it seems. But in spite of the cost the mill is impossible to stop. According to one Government official, so many contracts have now been awarded that a halt would cost almost as much in compensation as carrying on. He says the point of no return came about two years ago, immediately before the big burst in spending. For the shaky Bhutto Government to have acted then would have meant reversing its view of a prestige project: for the new military Government it would have meant stopping the biggest piece of investment in the country immediately after coming to power. Even if all the figures pointed to such a course, it would hardly have seemed worth risking relations with the Soviet Union at such a late stage.

## Alternative

The alternative course, supported by those watching the Government spending climb, is to defer some of the steel mill expenditure for at least a couple of years. This prompts hoots of derision from steel mill officials. If it is a drain on the budget now, they say, it will be an even bigger drain if it is starved of funds and prevented from coming on stream to earn money and allowed to incur still higher costs later: better to get on with the job and get it over with. All the same, work on the plant is far from a 24-hour round-the-clock operation. Even now there is only a single shift, from 8.30 to 4.30.

Steel mill officials argue equally strongly that the mill will be able to operate commercially, another hotly debated point. In their judgment Pakistan's domestic demand for steel, at 700,000 tonnes annually (excluding scrap), is inhibited by the lack of availability of steel. With the arrival of the plant's products new engineering and engineering-based industries will emerge alongside existing mills and foundries and demand will grow. They pooh-pooh the suggestion that prices will be well above international prices by the time the mill is on stream and that this might mean a bar on imports and a rise in bicycle prices, for example. They insist there will be no additional burden on domestic consumers.

For all this confidence, outsiders worry greatly about the effect of the cost burden. An authoritative independent study done last year before the Soviet rescheduling deal reckoned that even under the best circumstances the plant would have to operate at greater than 83.5 per cent capacity if it was to break even, and higher than 97.7 per cent if it was assumed that the Soviet loan was fungible (that is, that it could have been used on some other project in Pakistan). Abid Hussain naturally says that he intends to operate the plant at full capacity, but steelmakers elsewhere could tell him a thing or two about the problems involved in doing that. Obviously much depends on how successful the Government is in stimulating heavy and light engineering in Pakistan—and how far it is prepared to go with steel price subsidies in a subsidy-ridden economy.

Steel mill officials also dismiss the arguments that the Russians are selling Pakistan an old type of plant using outmoded technology. Dry quenching of coke, oxygen lancing in the steel converters and the use of continuous casting to make the blooms and slabs that become billets and sheets are all cited as evidence to the contrary. Even the basic oxygen process being used to make the steel was only adopted in the United States in 1970, although this was because of the small scale on which it was developed in Europe. This process is used to make most of the steel produced in the world.

Adoption of the direct reduction process, said to be the method of the future, would not have allowed Pakistan to use its own iron ore deposits instead of imported material, as has been implied. The process would have demanded beneficiation of the low-grade ore, which in Pakistan's case is difficult because of the ore's complex character. The dependence on imported materials is nevertheless criticised, although Japan, Korea and Italy all depend on imports in a similar way.

Negotiations for the supply of coal to the mill are now completed; for iron ore they will be concluded later this year. Of the total 1.36m tonnes of coal required annually to produce 1.1m tonnes of steel, 55 per cent will come from two companies in Australia, 27 per cent from a Canadian concern and 12 per cent from the U.S. Another 6 per cent will come from Pakistan's underdeveloped southern province of Baluchistan. Talks on iron ore supply are going on with companies in Australia, Brazil, Canada and, intriguingly, India. About 2.03m tonnes will be needed. Lime and dolomite will be supplied locally from sites discovered by Pakistan Steel within 50 miles of the plant.

## Billets

Between 260,000 and 400,000 tonnes of billets will be produced at the end of the first stage in 1981, using two 1,700-tonne blast furnaces and two 130-tonne converters. At the end of the second stage in 1984 the expected product mix will be hot-rolled steel 305,000-445,000 tonnes, cold-rolled steel 90,000 tonnes, galvanised sheets 100,000 tonnes, and formed sections 120,000 tonnes. A 135,000 tonnes excess of pig-iron will also go to local foundries.

Although the plant is comparatively small by modern stnadards, even allowing for expansion to 2m tonnes in the second phase, every aspect of its size is a source of pride for those working on it. Inexperienced in steelmaking and in handling a large project, they speak grandly of the techniques of steelmaking and of the various statistics for earthworks, poured concrete and water channels or roads. It is no surprise; even before work could start on the mill, engineering, fabrication and casting plants had to be established to utilise and maintain the materials and machinery flooding in from outside.

On top of this, the ancillary facilities had to be built, for which the Russians had no responsibility. Some 4½ km from the mill's ore and coal intake point, at the end of a long conveyor belt, will stand the first jetty of the new port Qasim. French contractors are building the jetty and the causeway carrying in the conveyor belt, with financing from French credit. Japanese equipment supplied under a yen credit is going into a pumping station being built by one of the 50 Pakistani contractors working on the site. Heavy Electrical of Britain is offering technical collaboration on construction of a 110m-gallon reservoir, while Lurgi of Germany has supplied equipment for sewage treatment plant.

Five hundred Russian experts and their families, who live in the new township near the site are supervising the plant construction, but apart from the supply of equipment, technology and advice, the operation is in most respects Pakistani, including civil works, erection and administration. Fewer than half a-dozen of the Russians are working on precision jobs like laying refractory bricks in key places. They are a curious neutral presence: many of the billboards for the Pakistani construction companies simply have "Soviet experts" inserted under the heading "consultants." Even at the metallurgical training school on the site, an office next to the vice-principal's bears a sign saying only "Soviet expert."

Needless to say the people at Pakistan Steel are utterly convinced of the value of the work they are doing for industry and for the country, even if other people are not. The steel plant should not be viewed in isolation, they insist. Its direct effects will be to employ 15,000 people who, with their families and supporting service activities, will produce a community of some 100,000 near the site — bigger than the country's capital Islamabad. Even now some 11,000 people are employed directly and another 30,000 on contract.

Indirectly, they say, local demand for steel will increase, new engineering and foundry activity will emerge and the spin-offs will be enormous. Mr. Abid Hussain is categorical: steel, he says, is needed to stimulate the economy. Another official says it is no good pointing to the costs and saying it would be better not to start up the industry because they are lower elsewhere. "If developing countries do that," he says, "there would be no industry in any of them."

C.S.



# Slow progress in engineering

IN A valley on the other side of the hills overlooking Islamabad and Rawalpindi stands a small bustling town called Taxila, best known for its nearby ruins of old Indus civilisations. But in the 1970s it has also acquired a reputation as a focus of heavy engineering in Pakistan. Indeed, Taxila's Heavy Mechanical Complex (HMC) and Heavy Foundry and Forge (HFF) are principal elements in Pakistan's heavy engineering industry. Built with Chinese assistance, equipment and technology, the two plants, together with the new steel mill in Karachi, represent Pakistan's hopes for future industrial development.

The inauguration of HMC in November, 1971 gave Pakistan the capacity to build sugar and cement plants and to produce boilers and road-rollers as well as truck chassis and railway axles. HMC delivered its first sugar plant in 1974 and has since seen two more commissioned, but it faced problems over the suitability of its technology. The first, mainly Chinese plant at Larkana, in Sind, for which HMC manufactured over 50 items, was of low capacity (1500 tonnes of cane a day) and used an old process.

On the other two plants HMC collaborated with Poland on equipment and technology and with Walkers of Australia to produce larger plants under a newer process.

Since then HMC has picked up contracts for four sugar plants. Of two in the public sector one is nearing completion and the other is half completed. The experience with the other two, both in the private sector, has been less fortunate. Having battled to win the contracts, they virtually fell through at one point, even though documents had been signed. One now seems to have been retrieved and the half-finished plant is due to be completed by December. But the other client is said still to be "trying hard" to raise the down-payment that was due two weeks after signing. HMC is going ahead with the work anyway, but is sobered by its experience over the contracts, which were worth some $11m.

HMC is still looking for more sugar plant orders, obviously preferring the flexibility provided by whole plant orders to the sub-contracting work that it might otherwise pick up. The import content of its plants (which represent about a fifth of its total annual production) now amounts to some 40 per cent. Another fifth of annual production goes on cement plants, HMC's other principal activity. Here too it has suffered severe setbacks.

HMC was originally designed to produce 600-tonne capacity plants making cement by the so-called "wet process." The arrival of a "dry process" not only meant it was again overtaken by technology: it also raised the minimum efficient scale of the plants to about 1,000 tonnes. Fortunately the earlier technology had still to be transferred from paper to the shop-floor, and with Chinese help the new process will come into operation next year. In the meantime HMC has been manufacturing parts for dry process cement plants on a sub-contracting basis in collaboration with Fullers of the U.S. and KHD of West Germany.

HMC's competitiveness in cement plant manufacture has thrown up another problem, illustrating one of the classic difficulties caused by aid to a country keen on industrialisation. HMC recently lost the chance of building two 1,000 tonne plants at Tatta in Sind and Dandot in the Punjab to Japanese competitors, even though it was one of the lowest bidders. According to HMC officials Japan told Pakistan that a $45m credit had to be used for cement plants or it would not be available at all. Insetad HMC won $2m worth of work on a grinding station for the Tatta plant.

## Boiler

Technology and changing taste have also hit boiler production. HMC built four 10 tonne boilers for the heavy foundry and forge plant next door. But according to HMC officials the 10-tonne size is neither popular nor common, and HMC is now seeking from the Chinese the right to produce a 1-6 tonne and a 15 tonne boiler, and a 30 tonne boiler from western sources.

The road-rollers picture is also far from happy. HMC has the capacity to produce 100 of its 10-12 tonne three-wheel road-rollers a year. A few years ago when public works departments up and down the country were building miles of roads, HMC could not meet the demand. Now the market has changed. Last year it produced 60 road rollers: this year it is turning out 40. Long rows of them stand idle outside the plant, and HMC is battling to keep its employees working.

HMC is also losing its skilled and semi-skilled men to the Middle East countries, which can pay them higher wages. So far it has lost a total of about 2,000 men—600 since last April alone. The only solution appears to be to train more men to fill the gaps. Altogether 3,600 men are employed on the site, and about 2,200 of them are skilled—welders, fabricators, fitters, machinists and turners.

Officials do not apportion blame for HMC's mixed performance over the past six years (last year it actually turned in a profit). The plant was the product of a study in the 1960s by a German steelmaking firm, and the Ayub Khan Government simply turned to the Chinese and asked them if they would help implement the plan, which they did.

The cost was trivial at $24m, although one must allow for the 1971 devaluation and Chinese pricing. Even the Chinese soft loan was converted into a grant, so that for Pakistan the technology was virtually free. As it also has cheap labour, HMC ought to be able to exploit the gap in the Middle East markets created by high-bidding industrialised countries. Its greatest competition will come from India and Korea.

The Heavy Foundry and Forge is a product of the same overall German proposal drafted in the 1960s and was also built with Chinese assistance. The plant, bigger than planned at that time, represents a total investment of some $46m (again with the usual caveats about pricing), of which the local component is put at $28m. Officials say that a more realistic price by western standards would $200m. Again a soft loan was converted into a straight grant.

The plant was inauguarated by Mr. Zulfikar Ali Bhutto, the condemned former Prime Minister, who had been due to open it in May, 1977, but decided to hold the ceremony in February, two weeks before the controversial elections which subsequently led to his fall from power. The plant, which took five years to build, has cast iron and steel foundries, a three-shop forging area and machine shop.

Its raw material is scrap steel, partly from Pakistan's successful shipbreaking industry but mainly from old World War II equipment. With a melting capacity of 60,000 tonnes a year, the plant will have to operate at 45-55 per cent capacity to break even. In the first year it achieved 15 per cent and a figure of 25 per cent is expected this year.

As utilisation improves the obvious hope is that supplies to local engineering firms will increase and provide a direct stimulus to industry. The plant is only partially dependent on HMC—if both plants were operating at full capacity, it is said HMC would take only 15 per cent of HFF's output. Another 10-15 per cent of output will be spare parts for cement factories, 15-20 per cent will go to Pakistan Railways and the rest to re-rolling mills, truck assembly plants and, if it starts, a tractor plant. The new steel mill in Karachi is already taking some output.

Like HMC, HFF is having trouble holding on to its skilled labour and needs machinists, fitters and blacksmiths. When Middle East countries begin moving into heavy engineering themselves, these problems could grow. As a heavy engineering centre Taxila has also been stunted in its growth by the failure, through lack of resources, to establish the planned Heavy Electrical Complex (HEC).

C.S.

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

**Michael Parrott** reports on a new French unemployment benefits deal

# France confronts a burning issue

*. WAGE disputes have iggered off most of Britain's rikes so far this year, it is e threat of redundancies hich is creating most union trest in France, as this onth's steel riots have demonrated beyond all doubt.

In a country which has tradionally not suffered from the vels of unemployment depressgly familiar in the United ates and Britain, the number people looking for work has pled in the past five years about 1.4m, or nearly 6 per nt of the labour force. So itical has the situation become at the government was last ek forced—by its opponents— call an unusual emergency ssion of Parliament to discuss e issue.

This unprecedented step was ken as unions and employers re about to sit down for the al stage of negotiations last ekend for a new system of employment benefits which rges the previously separate ite scheme with the common id to which employees and ployers contribute.

Under the final agreement, al dole payments this year expected to be about r 26bn (nearly £3bn) comred with last year's FFr 21bn. this, the State will contribute out FFr 7bn, against FFr 5bn 1978, leaving the common ployee/employer fund (of ich the employers pay 80 per it) providing FFr 19bn, or irly three times as much as FFr 7bn the common fund ntributed in 1976.

Since unemployment is such ensitive issue, it is not sursing that French companies w think twice—at least— ore trying to lay off ployees. Not only are they uctant to provoke industrial rest, but they have also been ling it increasingly difficult obtain official approval for h layoffs.

With the additional stimulus financial help from the ernment, employers have refore been trying harder n ever before to exploit ways cutting labour costs without orting to imposing redunicies.

The easiest measures are the ious ones: stopping recruitment, giving up sub-contracting of certain jobs, and securing voluntary redundancy and early retirement on generous terms for the employee.

Angry French steelworkers protesting last month against planned layoffs.

It is when more drastic measures are proposed that the Government has become increasingly ready to intervene, both politically and financially.

Companies suffering from what appear to be only short term downturns in business have come under strong official pressure to adopt short-time working, rather than resort to lay-offs. Under legislation introduced in 1975, State assistance and support from the employee/employer system cover at least 80 per cent of any short-falls in wages suffered by the workers concerned for up to one year. In 1977 FFr 150m was paid from State assistance to keep 330,000 workers from going on the dole.

Over the last seven years, companies have also been able to apply various early retirement schemes which are financed mainly by their common fund with employees, but in certain cases by the State and individual companies themselves. Finally, the Government is ready to pay for retraining.

In many cases, however, a company may decide it has no option but to declare redundancies. Only if it wants to lay off under 10 employees is the redundancy procedure simple.

In the case of a so-called "licenciement collectif" ("group redundancy"), things become highly complicated. The employer must call together the comite d'entreprise (works council) to inform it of his lay-off plan and to explain what he has done to try to find jobs for those concerned.

In the case of a lay-off, for cyclical (short-term) reasons he must then wait 15 days before seeking authorisation of the local labour inspector, who has a maximum of two months to decide the case. If the application is refused, he can appeal to the Labour Minister himself, who has four months to give his decision.

## Redundancies

In the case of structural (long-term) redundancies the procedures can be even longer, employers often being obliged to wait as much as six months before seeking approval of the labour inspector so as to give the comité d'entreprise time to examine alternative solutions. In theory the whole business could last as much as a year, punctuated by stoppages and even sit-ins.

Once a redundancy plan has been officially approved, individual employers have not only to maintain pay levels while employees are working out their notice (generally two months; one in the case of workers with less than a year's seniority) but they must also make redundancy payments.

These have been progressively raised. In 1967 they were set at 1/20th of a month's pay for each year worked after two years; in 1973 they were raised to 1/10th of a month for each year; and in 1978 an extra 1/15th of a month was added for every year after the 10th year. These are minimum levels. Agreements which vary from one industrial sector to another allow for payments that are two or three times as high.

Individual companies' direct payments to redundant employees cease once they actually become unemployed. From then on, the unemployment "cushion" has up to now been provided by the state and the joint employer/employer system, known as Unedic (its official title is the lumbering Union National Interprofessionelle Pour L'Emploi Dans L'Industrie Et Commerce).

But employers' contributions to the Unedic "pool" have steadily increased over the last five years. Under the original redundancy payments system adopted by unions and employers back in 1958, workers made redundant—whether for incompetence or for economic reasons—were entitled to only just over 40 per cent of their former wages for the first three months, and 35 per cent during the next nine months; this was supplemented by an existing State aid system (currently paying FFl 16.50 a day).

Since 1974 workers laid off for economic reasons (as opposed to incompetence) have been entitled to a special supplementary rate of 90 per cent of their former salary, for up to a year. After the first year both categories have generally been entitled only to daily State aid, which is reduced by 10 per cent a year.

As the ranks of unemployed school leavers have been swollen, so has the number who are entitled to dole pay. They were originally not entitled to any assistance, but in 1962 Unidec gave those with technical diplomas the right to the equivalent of half the minimum national wage for a limited period. In 1977 this was extended to anyone who has been through a Government training programme. Those with a Baccalaureat (school leaving certificate) have been entitled to indefinite State aid since 1975.

At the other end of the age scale, retiring workers have also been given a better deal. The normal entitlement has been 70 per cent of one's salary at 65. Since 1972 this has been extended through the Unidec system to workers over 60 who suffer enforced redundancy; they are now entitled to the equivalent of full pension rights. In 1977 the same terms were extended to those agreeing to resign. In certain cases arrangements for obtaining similar terms are even made for workers made redundant at the age of 56.

For the past year, under pressure from the government, employers and unions have been negotiating a completely new arrangement under which the joint aid system and that of the State is merged into one comprehensive unemployment insurance. Final agreement was reached last weekend.

This raised the basic rate to 42 per cent of the employee's former wage, plus 20 francs a day, for up to a year; part or all of this can be extended under certain circumstances. The new agreement has made the supplementary rate for "economic" redundancies degressive and less generous than before.

The net effect is that those workers made redundant for "economic" reasons can now choose between two options: a progressive decline from 65 to 50 per cent of their former salary, plus 20 francs a day; or a gradual decline from 75 to 60 per cent without the 20 francs daily payment. The first system favours the lower paid, the second the higher-paid.

The basic rate would give workers previously earning FFr 2,000 a month 80 per cent of their former salaries, while for FFr 10,000 a month earners it would provide 48 per cent. School-leavers are now entitled to between FFr 20 and FFr 40 a day, only slightly more than before.

Now these difficult and long-drawn-out negotiations are complete, the only unemployed not to receive assistance will be some of those who resign from their jobs at a time when no voluntary redundancy scheme is in effect, or school-leavers who have not even got a school leaving certificate.

To the government, one of the purposes of the new deal is to facilitate the restructuring of French industry by making it easier for labour to be shifted from the weaker to the stronger sectors. In the meantime, however, the manager may find himself as heavily involved in assuring the financial future of redundant employees, and negotiating with unions and civil servants over closure plans, as in actually ensuring the survival of his business.

INNOVATION AND PRODUCT DEVELOPMENT

# Chips with nothing—Britain clings to the same old menu

MOST OF the past ten days' press coverage has missed the point about the latest investigation (by PA Management Consultants) into British industry's level of awareness of microelectronics and its potential impact.

The most depressing implication of the study's findings is not that over 50 per cent of the companies surveyed had no experience of microelectronics, but that the same level of "unawareness" had been reported more than six months earlier by a previous investigation. In other words, the barrage of publicity last summer and autumn about the dreaded "silicon chip" —from almost every TV current affairs programme, every newspaper, and from the Department of Industry and the Prime *Minister—has had remarkably little effect on businessmen.*

Nearly a year ago, in its preparations for the first of a series of microelectronics and innovation reports from the Cabinet Office's Advisory Council for Applied Research and Development, the DoI estimated that half of the industrial firms in Britain were unaware of microelectronics industry, in spite of its potentially dramatic effects on many of their established businesses.

A further 45 per cent were aware but were making no use of it, and only five per cent—mainly in high technology areas such as defence and electronics —were both aware of the technology and exploiting it. These figures were revealed last summer (this page, July 12, 1978) and officially published as part of the first ACARD report* in September.

It was these findings which helped persuade the Government that public money must urgently be ploughed into what has since become known as a Microprocessor Applications Programme: £55m has so far been allocated to it, much of it in order to create the widespread awareness which is so obviously lacking.

## Investigation

A key part of the programme will swing into action in May, when PA Management Consultants starts holding a series of high-level, small seminars for 3.000 top industrialists and senior trade unionists. At the same time, the DoI will support a wide range of seminars and conferences organised on a less exclusive basis by a host of consultancies.

It was in preparation for this awareness programme that PA last December conducted a new investigation into the awareness of microelectronics of the Times "Top 1000" companies. The categories and approach were not identical with those of the earlier DoI exercise, but the results are nevertheless being taken as roughly comparable.

PA's findings were that about 53 per cent of companies were unaware, that 17 per cent were aware and in the process of deciding what — if anything — to do about microelectronics, that a further 22 per cent were aware and in the process of getting their staff trained, and that only eight per cent were "active" in the sense of the original survey.

The relative lack of progress between the first and second investigations can only be intensely depressing to the government and the media, especially the makers of the pathfinding "Horizon" programme on BBC-TV which did so much to galvanise the Prime Minister. But the results of the two surveys only underline how necessary the "awareness programme" has become, whatever its cost to the public purse.

**The Applications of Semiconductor Technology. September 1978. Ref. no: ISBN 0 11 630807 9. Available from Her Majesty's Stationery Office and booksellers.*

# Why marketing is so crucial

*COMPANIES* involved in designing and developing new products too often ignore the crucial importance—and cost—of marketing them properly, a conference in London was told this week.

The most costly stage of the process of product development and launch was not usually development itself, David Barnett, of Allied International Designers (AID) said. Nor was it always the obviously expensive stage of tooling-up and starting manufacture. Often marketing could be the most costly, though this was seldom reflected in the company's plans or decision-making processes. It should be, he told the conference, which was organised by the British Institute of Management and called "Breakthrough—How to develop new products."

Advocating use of AID's systematic framework for product development, James Pilditch, AID's chairman, stressed that it was not only large companies, but small ones too, which could justify its use. Among its many elements, the system emphasises the importance of setting various financial targets before product development is begun.

A carefully structured decision-making process should also be laid down in advance, Mr. Pilditch said, including "decision meetings" and other checks at specific points.

Discussing the proposed decision-making process in more detail, David Barnett said it should include the possible acquisition process; acquisitions were often a better way for companies to secure new products than developing them in-house.

## High cost

The most important pre-condition for successful product development according to several of the AID speakers, was the company's complete commitment to the process, particularly at the top. The top decision-taker in the company should chair the product review committee, Mr. Barnett advised.

Mr. Barnett's point that marketing a new product successfully can cost more than its development is supported by a definitive study of "Technological Innovation" carried out several years ago by the U.S. Department of Commerce.

For a broad range of products, the study found that the cost of developing, making and launching new products was "typically" distributed as follows: Research/Invention 5-10 per cent; Engineering Design 10-20 per cent; Tooling 40-60 per cent; Manufacturing start-up 5-15 per cent; and marketing 10-25 per cent.

In many cases, particularly non-technical consumer products, the ratio between tooling and marketing could probably often be reversed.

*Allied International Designers, 10 Rathbone Place, London W1P 2DN. Tel. 01-580 8465.*

*● The report on Product Design carried out by Mr. Kenneth Corfield for the National Economic Development Council (and examined on this page on January 19) is now publicly available from NEDO Books, 1 Steel House, Tothill Street, London SW1 9LJ, price £4.00, or £4.29 postage paid.*

**Christopher Lorenz**

## LOMBARD

# The problems of success (again)

BY PETER RIDDELL

A MAJOR puzzle over the last few days for non-economists has been why the Treasury and the Bank of England should be uncomfortable about the strength of sterling and relieved by any easing of the upward pressure. This might seem to be sheer perversity—a kind of masochistic refusal to accept the blessings of lower inflation and higher living standards produced by a rise in the exchange rate.

There is much to be said for this commonsense view and indeed both the Chancellor and the Governor of the Bank have become enthusiasts for a stable exchange rate. This reflects disillusionment with the previously supposed benefits of a devaluation strategy because of the rapid impact of a lower exchange rate on domestic inflation, offsetting initial competitiveness gains. Instead the virtuous circle approach is in favour, so that a stable rate is regarded as desirable for its own sake as a means of curbing inflation.

### Limits

Yet there are limits to how far this policy can be taken. This week's OECD survey makes clear that the main initial impact of a rise in unit labour costs well above the international average and a stable, let alone rising, exchange rate, is a squeeze on an already low level of profits. The OECD pointed out "by the end of 1978 British external competitiveness was at its worst level since 1966."

This explains why Whitehall—and indeed the CBI—were becoming rather worried earlier this month when the trade-weighted index had risen by 2½ per cent in a month and inflows of foreign currency were building up as a potential boost to the money supply. The pressures were on nothing like the scale of late summer 1977. But there was evident relief when sterling fell by 1 per cent within a few days, though the subsequent partial recovery shows that the pressures have by no means disappeared and the policy dilemma remains.

The official line remains that a stable rate should be given a chance to work—though there is a difference between that and a rising rate, as in February and early March. But there is a vocal group, represented by MPs like Mr. Bryan Gould, the National Institute and parts of the Labour Party, which argue that the Government should try and engineer a fall in the pound. This would be in order to boost competitiveness, exports and employment and avoid the fate worse than death known as deindustrialisation.

Moreover, it is never quite clear how the rate is supposed to be managed downwards. The Government could achieve a depreciation by a massively expansionary fiscal policy resulting in rapid growth of the money supply or through a large-scale intervention in foreign exchange markets with the same result. But neither of these proposals is compatible with making counter-inflation a top priority.

Yet the strength of sterling is not simply the result of a fairly tight monetary policy. Indeed, the rate of growth of the UK money supply is still faster than in other countries.

The key to the recent strength of sterling is North Sea oil and the UK's relatively favourable position—with 90 per cent self-sufficiency this year—in face of larger than expected rises in the oil price. But how can the UK avoid the Dutch disease?—a deterioration on the non-oil account produced by a high real exchange rate (relative to differences in cost levels).

The authorities are reluctant to try to discourage inflows by cutting UK interest rates—partly because of scepticism about the impact after the experience in 1977 but also because of caution ahead of the Budget and in face of a buoyant level of bank borrowing. The solution is a more fundamental one in that the only way that a favourable trend on the oil account can be prevented from producing an unfavourable shift of non-oil trade is by permitting an outflow on capital account.

The obvious solution would be an easing of exchange controls, though some officials are sceptical about how much initial impact this might have on flows across the exchanges. The Government is proceeding, in Mr. Healey's phrase, with "deliberate and glacial majesty" in the area of exchange controls. To this extent the UK's problems of success are self-inflicted, and are unlikely to be eased this side of a general election.

AROUND BRITAIN

NEWMARKET

# First past the post

BY ANTHONY MORETON

AT TWO o'clock yesterday the tapes shot up for the first race of the flat-racing season and in just over three weeks time on April 17 Newmarket will stage the first of the dozen meetings that are held on its two courses during the year.

Newmarket is to racing what Wimbledon is to tennis, Le Mans to sports car racing or Lords to cricket. Its name is revered around the world and it is, at the same time, the centre of the bloodstock and racing industry in this country. Only Chantilly in France and Kentucky in America can stand comparison with this little Suffolk town of 14,000 people.

Not unnaturally, the industry dominates the town, just as its racing fraternity dominates other centres of racing in Britain. Probably one person in every two owes his livelihood to the industry, either directly as trainers, stable lads or on the racecourse, or indirectly as vets, suppliers of animal feedstuffs or in the National Stud.

There are now 49 trainers in the town looking after 2,000 horses of which 1,500 a day are in training. Within five miles there are 50 studs and on big race days, such as the 2,000 Guineas, to be run this year on Saturday May 5, as many as 25,000 people will come to the town.

Not surprisingly, therefore, Newmarket has also attracted in other sectors of the industry because of the facilities it offers. Tattersalls — the bloodstock auctioneers—moved in from Doncaster in 1956 and turnover last year was 26m guineas. The December sales alone brought in just over 11m guineas, of which a third was in foreign currency. About a dozen years ago the National Stud moved in from Gillingham in Dorset.

There is another Newmarket, too—one which is not involved in the racing industry but which is inevitably touched by it. This Newmarket has a small amount of industry, a new town centre and a little unemployment.

The two Newmarkets live easily side by side. It was not always so and even today there are some who argue that the town's dependence on racing should be reduced. In the mid-1960's these voices were so loud that a potential conflict—similar to the town versus gown controversy that affected Cambridge, 11 miles to the south, a century or more ago—seemed likely.

The rift was patched up with the signing of a charter in 1966 by the then council on the one hand and the Jockey Club, acting on behalf of the Trainers' Federation, Tattersalls and the Stud Farmers' Association as well as itself, on the other.

This three-point document stated that there was a need to provide the conditions for protecting the efficient working of the racing and breeding industry, "of which it is the world centre;" there was a need to provide "wider opportunities for employment in the town;" and it was essential "to give strength to the town, both financial and in terms of population, so as to enable the council to provide the necessary services and amenities."

## Character

There is no question that the council—which, since local government reorganisation in 1974, has become Forest Heath District Council, based at nearby Mildenhall—now accepts that it must maintain the character of the town as the international centre of racing while creating the employment necessary to meet an increasing population. So it does not actively promote Newmarket as an industrial centre but it is, rightly, ensuring that there is work for those not associated with racing.

Newmarket's current problem is that its industry is geared to the consumer-goods market which is vulnerable to changes in government policy, such as taxation. Pye—the largest single employer — assembles transistors, while the other major concern is Caravans International.

There is the St. James industrial estate where the local authority has built advance factory units and because of the good road and rail communications it could fill these several times over. But most of the concerns eager to come are warehouse companies, which use little labour. The council has a strict policy of letting factories only if it believes the newcomer will make a significant contribution to the town's economy.

Although unemployment is below the national average there has been a sharp rise in the number of job vacancies notified in the past year. At the end of last year the number of vacancies was around 120 compared with about 400 out of work. The flushing out of vacancies is attributed to the job centre which was set up at the end of 1977.

A flow of firms on to the St. James estate will help to absorb some of the unemployed but there is also the worrying fact that in the summer another 200 or so school leavers will join those seeking jobs and few of those will be absorbed into the racing industry.

By its very nature the racing side of the town recruits from all over Britain. Almost every putative jockey writes to someone in the town and while few become a Lester Piggott many end up as stable lads or stable lasses. There are probably 100 girls working in the stables and in the view of Sir Mark Prescott—the trainer of a medium-sized stable—"very good they are, too."

Going racing is not what it was before the Horse Racing Levy Board was set up in 1962 when off-course betting was made legal. Attendances dipped dramatically as a result. Since 1968 they have levelled off but they are doing little more than holding their own.

According to Captain Nick Lees, clerk of the course, Newmarket has not been immune from this changed pattern of racing. What really concerns the authorities, though, is the weather — a bad day influences attendances more than any other single factor.

Newmarket is able to ride out the vagaries of the weather, however, because of its all-round strength — other towns are not so fortunate. But then, Newmarket is the home of racing.


Terry Kirk

Mr. Robert Fellowes, agent to the Jockey Club at Newmarket—the town is well known to lovers of horse-racing throughout the world.

# Matchless Dancer can reward Lester Piggott's return

## RACING

BY DOMINIC WIGAN

LESTER PIGGOTT, somewhat over-cautiously priced at 20-1 by Mecca for this year's British flat race jockeys' championship, in which he has modest personal interest, makes a welcome return to British racing at Doncaster this afternoon.

The world's most-sought jockey, who will be riding more than ever before in Ireland this season, will resume his highly successful association with Paul Kelleway in the French Gate Stakes. At Doncaster Piggott partners the young Newmarket trainer's once-raced Matchless Dancer.

There is every reason to expect a bold showing from this well-thought-of three-year-old backed down from 20-1 to 12-1 in a race at Kempton last August in spite of looking distinctly backward. Matchless Dancer showed prominently from the start and passed the post six of 18 behind the subsequent Dewhurst runner-up More Light. Likely to be more forward than most this afternoon, Matchless Dancer is given a reasonably confident vote over Ryan Price's representative, Sandford Boy.

Whatever their fate in the French Gate Stakes, which they won a year ago through Black Butterfly, Price and Brian Taylor should be on the mark in the Northern Handicap with Kerkorian.

Looking a few weeks ahead the evergreen Mercer must be more hopeful of classic success at Newmarket than any rider with the exception of "Kipper" Lynch, Henry Cecil's stable jockey, who has the real prospect of gaining a 2,000 Guineas victory from the trio Borzoi, RB Chesne and Lyphards Wish, probably has an even better chance of landing the first filly's classic. In that event I feel sure he will be aboard either One in a Million or Formulate.

The former, a 9-1 chance with Mecca for the 1,000 Guineas, strikes me as the one they will all have to beat and a far better prospect than the ante-post favourite Devon Ditty, who was subjected to a far more strenuous two-year-old campaign. Following a fluent victory over Lyric Dancer at Ascot this beautifully made Rarity bay went on to land Newmarket's Houghton Stakes in even more impressive style.

DONCASTER

2.00—Suzamour
2.35—True Justice
3.05—James Hunt
3.35—Kekorian*
4.05—Matchless Dancer***
4.35—Jenny Splendid**

# TV/Radio

† Indicates Programme in black and white.

## BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Trumpton. 2.02 For Schools, Colleges. 3.25 Teliffant. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Wildtrack. 5.10 Excuse Me! 5.35 The Perishers.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Barney Bear.
7.10 Wonder Woman.
8.00 The Dawson Watch.
8.30 The Other One.
9.00 News.
9.25 Petrocelli.
10.15 Tonight in Town (London and South-East).
10.45 Regional, National News.
10.50 The Variety Club Honours Lord Louis, Earl Mountbatten.
11.20 The Late Film: "Inspector Clouseau" starring Alan Arkin.

All Regions as BBC1 except at the following times:

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Spectrum—Coia on Caricature (Emilio Coia in conversation). 10.45-10.50 Regional, National News.

Wales—1.45-2.00 pm Sioncyn Shoncyn. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30-8.00 Young Scientists of the Year 1979. 10.15 Kane on Friday. 10.45-10.50 Regional, National News.

Northern Ireland—10.23-10.38 am For Schools. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Music Room. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Wallis: Man and Machine; Midlands (Birmingham) Midlands Tonight; North (Leeds) Let the People Talk; North East (Newcastle) Friday North; North West (Manchester) The Acting Game; South (Southampton) Ayo Gurkhali!; South West (Plymouth) Peninsula; West (Bristol) It's In the Blood.

## BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC1 3.55 pm).
4.50 Open University.
6.55 Gardener's World.
7.25 Mid-Evening News.
7.35 Star Signs.
8.05 City.
8.30 Westminster.
9.00 Pot Black 79.
9.25 Pro-Celebrity Golf.
10.15 Of Mycenae and Men.
10.45 Late News.
11.00 Rock Goes to College.
11.40 Closedown reading.

## LONDON

9.30 am Schools Programmes. 11.54 Sinbad Junior Cartoon. 12.00 The Learning Tree. 12.10 pm Daisy, Daisy. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Sounds of Britain. 2.00 After Noon Plus. 3.50 The Sullivans. 4.15 A Bunch of Fives. 4.45 Magpie. 5.15 Thames Sport. 5.40 News. 5.55 Party Political Broadcast: Opposition reply.

6.00 Thames At 6.
6.30 Emmerdale Farm.
7.00 Mork and Mindy.
7.30 Winner Takes All
8.00 Flambards.
9.00 House of Caradus.
10.00 News.
10.30 Soap.
11.00 Police 5.
11.10 The London Programme Takes a look at London's Comprehensives.
12.10 am George Hamilton IV.
12.40 Close: Leo Aylen reads one of his own poems.

All IBA Regions as London except at the following times:

### ANGLIA

1.25 pm Anglia News. 5.15 Bailey's Bird. 6.00 About Anglia. 7.00 Father, Dear Father. 10.30 Probe. 11.00 Friday Late Film: "Blood Kin." 12.55 am Men Who Matter.

### ATV

1.20 pm ATV Newsdesk. 3.50 Friends of Man. 5.15 Happy Days. 6.00 ATV Today. 7.00 The Jim Davidson Show. 10.30 Mary Hartman, Mary Hartman. 11.00 Christopher Lee, Prince of Menace: "Theatre of Death."

### BORDER

†1.20 pm Border News. 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 The Dog Show. 7.00 Thingummyjig. 10.30 Border Month. 11.00 Late Film: "Dr. Phibes Rises Again," starring Vincent Price. 12.35 am Border News Summary.

### CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 Emmerdale Farm. 6.00 Report At Six. 6.35 The Stationery Ark. 7.00 Father, Dear Father. 10.28 Channel Late News. 10.32 Late Night Movie. 12.15 am News and Weather in French.

### GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.35 Sportscall. 7.30 Andy's Party. 10.30 Reflections. 10.35 The Friday Film: "The Revenge of Frankenstein" starring Peter Cushing. 12.10 am Grampian Late Night Headlines, followed by Road and Ski Report.

### GRANADA

1.20 pm Dodo. 5.15 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 7.00 The Girl With Something Extra. 10.30 Darts World Knockout Cup. 11.05 The Friday Film: "Revenge," starring Joan Collins and James Booth. 12.45 am Survival.

### HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.15 The Rolf Harris Show. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 7.00 The Jim Davidson Show. 10.35 Report Extra. 11.05 The Late Film: "The Art Of Crime."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Plant Y Byd. 6.00-6.15 Y Dydd. 10.35 The Brains Matchplay Darts Tournament. 11.05 Outlook. 11.35-12.30 am The New Avengers.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

### SCOTTISH

1.25 pm News and Road and Weather. 5.15 Mr. and Mrs. 6.00 Scotland Today. 6.30 Emmerdale Farm. 7.00 Jim Davidson Show. 7.30 Devine Country. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment With Fear: "Scream of The Wolf."

### SOUTHERN

1.20 pm Southern News. 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South East (South East Area Only). 6.30 Out Of Town. 7.00 The Jim Davidson Show. 10.30 Weekend. 10.35 Southern Report. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late, Late Premiere: "The Clown."

### TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. 7.00 Oh No, It's Selwyn Froggitt. 10.30 Come In, If You Can Get In. 11.00 The Friday Night Film: "Island of Terror," Peter Cushing. 12.40 am Epilogue.

### ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 6.30 Sportscast. 10.30 Hawaii Five-O. 11.25 Bedtime.

### WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 7.00 Father, Dear Father. 10.28 Westward Late News. 10.30 Late Night Movie: "Taste of Excitment." 12.15 am Faith For Life. 12.20 West Country Weather and Shipping Forecast.

### YORKSHIRE

1.20 pm Calendar News. 5.15 Give Us A Clue. 6.00 Calendar (Emley Moor and Belmonth editions). 6.35 Calendar Sport 7.00 The Muppet Show. 10.30 "The Lovers" A special presentation of a tribute to Richard Beckinsale, who died this week. He starred in this film with Paula Wilcox. 12.10 am Andy.

## Radio Wavelengths

1 1053kHz/285m 1089kHz/275m
2 693kHz/433m 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

### RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travers. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.31 Roundtable. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

### RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Peter Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Barn Dance at the Radio 2 Ballroom (S). 9.02 Friday Night Is Music Night (S). 9.40 Talk by Mike Sheils. 9.00 Friday Night is Music Night (continued). 9.55 Sports Desk. 10.02 Treble Chance. 10.30 Fiesta De Dorita with Stan Reynolds and his Orchestra. 11.02 Harry Rowell with Round Midnight including 12.00 News. 2.02-5.00 am You And The Night And The Music with Tim Gudgin (S).

### RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Vaughan Williams (S). 10.00 BBC Northern Ireland Orchestra (S). 10.45 The Part-Song Repertory (S). 11.25 Alfred Brendel piano recital (S). 12.20 pm Britten and Tchaikovsky concert part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 Concert part 2 (S). 2.10 Royal Repertoire (S). 3.20 The Beecham Legacy (S). 4.25 The Young Idea (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home: Concert. 7.10 The King's Singers in Spanish part-songs on records (S). 7.30 Music From Pebble Mill part 1: Haydn, Tippett (S). 8.20 The Peculiar Province (2). 8.40 Pebble Mill part 2: Beethoven (S). 9.35 Simon Preston organ recital (S). 10.25 Bartok Songs (S). 10.50 Music Now. Pandering to Period? 11.35 Haydn's Baryton Trios (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am and 5.45-7.10 pm Open University.

### RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. Magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way visits the Vale of Berkeley. 11.40 Announcements. 11.45 Listen With Mother. 12.0 News. 12.02 pm You And Yours. 12.27 My Music (S). 12.55 Weather: programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.0 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Seven Days In March. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick Of The Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Fritz On Friday. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today In Parliament. 11.45 Just Before Midnight. 12.00 News.

### BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.40 Lobby. 12.03 Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. From 12.00: Joins Radio 2.

### Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S) 7.00 London Today (S). 7.30 Open Line (S). 9.00 Nicky Horne's Mummy's Weekly (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

## F.T. CROSSWORD PUZZLE No. 3,929

ACROSS

1 Amateur social reformer told to improve performance (2-6)
5 Fag-end of a confident forecast (3, 3)
9 This has some bearing on transport (8)
10 Rebound from engineer's spring (6)
11 Contend with motorway illuminated before tea break (8)
12 100-1 against Indian Civil Service taking part in public affairs (6)
14 On good terms with factory worker receiving all attention necessary (4, 2, 4)
18 Photograph barometer found in shop window (5, 5)
22 Revolutionary philanthropic club (6)
23 Notice man tear into supporter (8)
24 Knight in armour was posted (6)
25 Old joke deserves a box on the head (8)
26 Fault-finder from the grange perhaps (6)
27 Embracing reception given to honest members (4, 4)

DOWN

1 Month a member has to fly (6)
2 Clothes the French misrepresent (6)
3 First musical work consumed by drug (6)
4 Watch signal that could make a considerable change (5, 5)
6 Accepting orders for decoration to pass on to National Trust (8)
7 Very hot pilot RAC replaces (8)
8 Friend is to help sound out fence (8)
13 All union members finished trading (6, 4)
15 Thin chap in reserve (5, 3)
16 Players fish for chess move (8)
17 Let off with riper mixture the day before (8)
19 Argue about a child (6)
20 One inclined to be thinner (6)
21 Expresses going to the USA (6)

Solution to Puzzle No. 3,928

# ENTERTAINMENT GUIDE

## OPERA & BALLET

## THEATRES

## CINEMAS

## ART GALLERIES

# THE ARTS

**aymarket**

## The Crucifer of Blood

by B. A. YOUNG

'aul Giovanni's play gives impression that he read up election of Sherlock Holmes ries and then sat down to te one of his own without re study of the background. the first scene of all, in which n Quentin as a major, ward Petherbridge as a cap- and Nicholas Day as a pri- e soldier conspire together to l the priceless treasure of a, is the sheerest rubbish. er that, though, Mr. Giovanni the guidelines set by Sir hur Conan Doyle to lead him, he has only to add the ac- ted clichés—foggy London, ehouse opium-dens and so —to turn out a serviceable mes parody.

he story, in which Holmes Watson (Keith Michell and is Lill) investigate the mur- s that come to the three con- ators after they have re- ed to England with their , is not very complex, though identity of the killer evaded me long enough to keep me entertained. The point of the evening is the camped-up direction by the author, with its profusion of spectacular effects.

The handsome scenery has been designed by John Wulp and supervised—a new kind of *credit in the programme—by* Lynn Pecktal, who also supervised Edward Gorey's scenery for *Dracula. Dracula* was a similar production, mocking anything theatrical in an old-fashioned way simply because it is established; but it had not the advantage of such business as the thunderstorm in Act 1, with lightning flashing all over the house, or the river scene in Act 2, where a police-launch and a small coaster sail on to the stage. Nor was there any*thing so colourful as* Fung Tching's dragon-encrusted coffin in Limehouse, from which ghosts emerge to haunt drug-ridden addicts.

Holmes's own sitting-room, whether or not it is accurate enough for the Baker Street Irregulars, is convincing enough for me, though I was distressed to see clients knocking on the door without apparently having passed through the hands of *Mrs. Hudson. Mr. Michell is* playing the violin when we first see him, injecting himself with cocaine a moment later, showing-off with a shower of deductions as soon as Watson gives him a chance. John Cater is Lestrade, a figure of ridicule in a bright check suit. I don't know how the devotees will find it but once I had got over the shock of that ludicrous first scene it all seemed pretty good fun to me, especially when Susan Hampshire as the client *Irene falls* in love with Watson to lovely string music offstage. Irene is a dangerous name in that menage. Holmes, you remember, had an affair with Irene Adler.

**llegiate Theatre**

## Fennimore and Gerda

by RONALD CRICHTON

ne of the Camden Festival's birthday treats is a new luction of a most unusual -century British opera, *nimore and Gerda*, by Delius. had done it before in 1970 he uncongenial St. Pancras n Hall, in a staging rently based on an earlier at Fulham. Otherwise there been a European Broad- ng Union relay from Copen- n and a good recording e from that by EMI, with edith Davies as conductor Söderström singing both the ano roles. That information much of it in the Camden ramme) may help those who yed Park Lane Opera's per- ance on Wednesday to find more about an elusive, idual opera.

lius made his text out of odes from the novel *Niels e* by the Danish writer Peter Jacobsen. *There are* hort scenes. The first nine with a triangular situation een the writer Niels Lyhne, painter Erik Refstrup and girl Fennimore Claudi. s has loved Erik, and is still ely bound up with him. nimore marries Erik (which es Niels wish he had ied her himself) but ets her decision and starts affair with Niels. When , who drinks, is killed in a age accident, Fennimore asonably and cruelly rounds Niels and sends him away. last two scenes show Niels time later as a farmer at hildhood home in Norway e he meets and marries a nt young girl, Gerda nerup. The opera ends in rent happiness, but in the l it seems that tragedy s again, and since with s joy is transient even in jor, one wonders.

ough there are realistic ls in the text—cigars, tele- s, road accidents, boating es and so on, Delius does nderline them in the music but concentrates on states of mind and, especially, on moods of nature. He uses a large orchestra mostly with a light hand, but there are some sonorous and many very beautiful pages, concise and swift to make their mark. This production by David William respected the composer's intention even down to the approximate length of the short pauses between the scenes. The simple setting of Annena Stubbs were adequately suggestive though the lighting did not reflect the seasonal changes (autumn, snowy winter and so on) clearly enough: the bright orange spring sunshine in the Gerda part suggested that Niels was undergoing trial by fire, like Tamino.

Fennimore is a tiresome girl. A young English lady in her circumstances at the early years of the century would have been caught up in voluntary work. Rosalind Plowright, an able singer but sometimes strident, made her as fraught and angular as a Munch drawing, holding the interest but forfeiting sympathy. Janis Kelly's Gerda was charming as far as the brief role will allow. There was a very promising portrait of Niels by Christopher Booth-Jones (Niels is the baritone, Erik the tenor). Justin Lavender was Erik: his voice is not at this stage large enough, but it is true and supple, and he was the only one of the cast who made the translation (presumably Heseltine-Warlock improved) sound at all convincing.

This takes some doing. Delius set the text in German for a Germanic style of delivery fearfully difficult to parallel in English: the shortcomings of Heseltine's version are at least partly inevitable. At any rate most of the words came over. For this the conductor Michael Lankester and the Park Lane Music Players deserve credit. Clarity was not bought at the expense of luscious orchestral tone. Further performances tonight and tomorrow. *Fennimore* may not convert those who know they don't like Delius but will delight others who find that his best music grows more, not less, original and potent as time goes on.

Delius was paired with Stravinsky. *Mavra* (1921-22) is a short opéra-bouffe dedicated to "the memory of Pushkin, Glinka and Chaikovsky," one of Diaghilev's occasional ventures into opera production. It wants needle-sharp performance (the story is a farcical trifle about a hussar disguised as a cook, unfortunately caught shaving) if it isn't to seem, as is did on Wednesday, little more than an in-joke for exiled culture-vultures. Sarah Walker as the neighbour got the style perfectly. So, for the most part did the versatile Ian Caley as the hussar. Penelope Mackay and Noreen Berry as the hussar's *girl Parasha and her mother* were amusing but untidy. The orchestra sounded as though an extra rehearsal or two would have made all the difference.

### New London Ballet re-formed for tour

The New London Ballet with Galina Samsova and directed by André Prokovsky, has been re-formed for a tour of the United Kingdom, between May 14 and June 23, under the *auspices of the* Arts Council of Great Britain.

The company was disbanded in 1977 after five years of worldwide appearances and amid critical acclaim.

Tour dates and venues are: May 15-19, York, Theatre Royal; May 22-26, Southsea, King's Theatre; May 29-June 2, Leicester, Haymarket Theatre; June 5-9, Warwick University, Arts Centre; June 12-16, Reading, Hexagon Theatre; and June 19-23, Ipswich, Gaumont Theatre.





**Cinema**

## Anguish, anger and angst

by NIGEL ANDREWS

**Invasion of the Body Snatchers (X)** London Pavilion, Scene, Classic Oxford Street
**Autumn Sonata (AA)** Classic Haymarket
**California Suite (AA)** Odeon Leicester Square
**Brass Target (AA)** Plaza 1 and general release
**Tarka the Otter (A)** Rialto

Something unspeakable is happening in San Francisco. Tiny seedlings, floating to Earth from outer space, are bursting into flower all over the city, creating botanical specimens hitherto unknown to man. Weird behavioural changes are simultaneously overcoming the city's residents. The lover of comely Health Department worker Brooke Adams stares at her with glazed eyes, and walks robot-footed out of their flat on an unexplained midnight tryst. Miss Adams's boss, Donald Sutherland, notices that the Orientals who run his Chinese laundry are even more inscrutable than usual. And married couple Jeff Goldblum and Veronica Cartwright, who operate a health-sauna-cum-mudbath, stumble in horror one evening upon a nude client *whose features have oozed into* anonymity and whose body is covered with cobweb-like threads . . .

Liv Ullman and Ingrid Bergman in 'Autumn Sonata'

Filmgoers whose memories stretch back to the last version of *Invasion of the Body Snatchers* — that cheerfully cut-rate cult classic made by Don Siegel in 1956 and starring Kevin McCarthy — will know precisely what is going on. The community is being gradually "zombified." The outsize pods produced by those nasty galactic seedlings are giving birth to exact, but emotionless, human duplicates who take over from their "real-life" counterparts.

Like the earlier film, this one —directed by Philip Kaufman, written by W. D. Richter— spirals from quiet beginnings to a resounding Domsday finale. And for much of that spiralling process both the menace and the message are deftly purveyed. Gothic shadows walk tall, the story's allegorical asides on *the Evils of Conformism are* subtly inserted (the original movie was made in the wake of McCarthyism), and the Special Effects team have had a field day with the scenes of gasping, slimy, hideous pod-birth.

But something goes wrong with the movie. The inspiration sputters too soon into decline. The main problem is that Kaufman is so busy making "salaams" to the earlier film—including guest appearances by Don Siegel and Kevin McCarthy —that he omits to inject enough fresh life into his own. The movie is both under-characterised and under-plotted. *Nature has made Donald Suther*land, his long sepulchral features here overgrown with moustache and curly hair, more fitted to *après*-zombification than to the prior state: and of the other leading players only Veronica Cartwright, *petite* and wholehearted, wrings any real urgency and sense of panic from the proceedings. The story scatters itself over 116 minutes rather like a jigsaw puzzle that no one has had time to complete. The picture *more or less* makes sense, but there are odd gaps and ill-fitting pieces. (And surely it was a mistake to transfer the story from the small-town anxieties of the first film to the dwarfing arena of San Francisco?) The film is exotic in fits and starts, but much less haunting and exciting than it could and should have been.

★

In *Autumn Sonata* we have the long-awaited union of the *cinema's two most famous* near-namesakes. Bergman, Ingmar, meets Bergman, Ingrid, and the consequence is a celluloid chamber-opera bursting with anguish, anger and angst; and even more spectacularly uneven than *Invasion of the Body Snatchers.*

Liv Ullman plays a prim, bespectacled parson's wife, living with her husband in scenic isolation on a Swedish lake, who takes it upon herself to invite her concert-pianist mother to stay with them after the mother's long-time lover has died. The mother is played by Miss Bergman, trailing clouds of Hollywood charisma which she shapes into the nimbus of lonely glory that surrounds a famous musician. Mother and daughter begin by exchanging kisses and endearments, but it is not long before we get down to the real Bergman business-in-hand; which is to reopen old and festering wounds and cauterise them with truth and confession.

Up in a poky bedroom lies Miss Bergman's other, spastic daughter (Lena Nyman), who has not been able to speak since an emotional shock in adolescence. Down in the living-room stands a photograph of Erik, the son whom Miss Ullman lost when he was four. And roaming everywhere are Miss Ullman's ghostly, envenomed memories of her own childhood; in which her globe-trotting mother alternated long periods of absentee neglect with brief spells of smothering, tyrannical affection.

*Bergman's camera*, keeping a polite distance initially, gradually homes in on the characters like some bloodthirsty bird-of-prey. Giant, porous close-ups of the Misses Bergman and Ullman fill the screen in the long verbal duel that climaxes the film. But while the power of the acting and the agony of the words are irrefutable, there is a growing doubt that they have anything to say to the average, disinterested filmgoer. This is Bergman in his psychiatrist's-couhc vein, and woe betide us if his p sychic deep-sea-diving plunges too deep for our comprehension or curiosity. The best scene in the film comes early on, before it has moved to its opaque, de-oxygenised finale: a scene in which mother and daughter play in turn the same pain-laden Chopin prelude, and the impact of the different interpretations is reflected, almost to a note, in the minute shadow-play of expression on the listener's face.

★

*California Suite*, written by Neil Simon, is a self-destructive pile-up of American comic talent. Working, like Simon's earlier *Plaza Suite*, on the principle that three or four short plays are better than one long one, it adds the refinement that seven or eight stars are better than one or two. The result is a melée of all-star comic confusion in which players of the calibre of Jane Fonda, Maggie Smith, Michael Caine, Walter Matthau and Elaine May are required to flex their farcical muscles—not without a dash of *pathos, since this is also Simon* in his sentimental mood—in a series of race-against-time cameos.

Jane Fonda squares her chin and spins her wide vowels as a separated wife haggling over custody of her child with husband Alan Alda. Maggie Smith swans adenoidally through the role of a British Oscar contender visiting LA with her homosexual husband (Michael Caine). Walter Matthau is a befuddled businessman caught in bed with a prostitute by his wife (Elaine May). *And for slapstick negro* relief there are Richard Pryor and Bill Cosby as two black doctors squalling and squabbling over who should have the best room in the Beverly Hills Hotel (where all the stories are set).

The relegation of black characters to the most subhuman story in the film is typical of the whole enterprise. Wreathed in cliche and stereotype, *California Suite* lacks even the saving Simon grace of a handful of good, take-away one-liners. The script sways nervously between comedy and pathos, like a drunkard reaching for elusive lamp-posts; and only diehard enthusiasts of the film's stars should brave disappointment and go and see it.

★

*Brass Target* combines two historical conundrums in the same plot. Was General Patton's death in a car crash after the war accident or assassination? And whatever happened to the Reichsbank gold that was *found* by the Allies in Berlin and then mysteriously lost during transportation?

George Kennedy impersonates an enraged wart-hog as the General. Robert Vaughn is the nasty (and homosexual, to boot) American officer who steals the gold, and stars like Sophia Loren, John Cassavetes and Max von Sydow twinkle not too brightly around them. Indeed the film is not too bright on any level, being photographed in murky greys and browns as if to camouflage itself from low-flying film critics, and scripted (by Alvin Boretz from Frederick Nolan's novel) with a fine disregard not only for historical truth but for plausible fictional alternatives.

★

*Tarka the Otter* is for addicts, or possibly for otters, only. If your heart goes out to these furry-footed mammals, then David Cobham's quasi-documentary treatment of Henry Williamson's novel will appeal. But Disney would have packed in much more tension and more spectacle, and the thespian contribution of the humans leaves much to be desired.

**Festival Hall/Radio 3**

## Carter's Symphony

*A Symphony of Thre Orchestras* by Elliott Carter was commissioned for the celebration of the American Bicentennial. First played in New York in February, 1977 and in Paris later that year (and described on this page after both occasions), it finally reached London on Wednesday evening, in a performance by the BBC Symphony Orchestra under David Atherton. If the delay removed the work from the BBC's own Bicentennial high jinks, it permitted substantial form to be given to the London celebration of the composer's recent 70th birthday. No single hearing of a new Carter work discloses more than a vague outline, permits more than a tentative first impression. As that impression was of muscular energy tightly disciplined and discharged in 15 packed minutes, of a grand and various canvas coloured in a succession of fiercely invigorating images, it was probably on the right lines.

In the symphony, Carter disposes a large orchestra into three groups. Independence of material, range of sonorities and tone colours, and manner of action and reaction is insisted upon for each group in a way that ensures a musical argument of tumultuous multifarious eventfulness. Simultaneity has been a Carter preoccupation for many years—the idea, as he himself described it in a pre-concert talk, of "weaving different levels of consciousness and thought, and showing how each (level) simultaneously affects the other and alters our sense of the other." This means, in the symphony, that although each orchestra proposes and develops its own lines of musical thinking, our awareness of the progress of those lines is constantly modified by the intercommunication of ideas among the groups. The consequence is a swirl of musical currents of formidable complexity (and of *terrifying difficulty for* conductor and players).

The structural outline of the symphony, delineated in the programme note and traceable in the score, was as yet no more than barely recognisable—many more hearings will be needed for its clever appreciation. What was from the first apparent, even in a performance that for most of its length seemed no more than a brave rough sketch of the notes, was the wealth of musical imagery on its surface. The starting point for Carter's inspiration was Hart Crane's *The Bridge*; while the music in no way reflects a blow-by-blow transcription of the verse, it is easy to recognise musical parallels for the poet's huge, complicated, all-embracing vision of Brooklyn Bridge. Poetic intensity informs the music: in its sweeping in from on high, in its spans of chattering wind and fractious brass, in its respite of romantic violin and cello solo and sudden silence, there is heard a poet's vision of the physical world. It is a dramatic vision, building towards climactic confrontation, then disintegrating in the depths of the orchestra; it also holds place for sounds tender, picturesque, and easeful. (And humorous too: the first orchestra's tuba, grunting away on a repeated falling minor sixth after the "catastrophic chords" of the climax, is a moment of truculent tough comedy.)

*A Symphony of Three Orchestras* reappears in the 1979 Prom schedule. By then, no doubt, conductor and orchestra will have solved more of its problems. (By then, too, the first trumpet, who stumbled and bumbled through his crucial opening solo, will surely be better prepared to join the correct notes into a free-flowing phrase.) Later, perhaps, one will be also able to give clearer voice to speculations about the work at present only half-formed and imprecise—about its possible wider relevance to the America of the late 70s, about the unique courage and vigour of Carter's music and its ability to translate, in an idiom immediately comprehensible for all its difficulties, a cogent artistic vision of the complexities of the contemporary world.

The concert as a whole was rich in content—too rich, it seemed, for the comfort of the orchestra's rehearsal requirements. The Adagio from Mahler's 10th Symphony and his *Wayfaring Lad* songs followed a first interval; and, following a second, there was an excursion into the exhilaration of a quite different kind of 20th century musical visionary, Tippett and his *Visions of St. Augustine*. Mr. Atherton, a Tippett conductor of high standing, showed a much more obvious command of its exultant rhythms and sounds; and if the sopranos of the BBC Singers and Symphony Chorus peaked a little on their highest notes, the young baritone David Wilson-Johnson, who earlier had sung the Mahler cycle in place of the indisposed Alfreda Hodgson, gave an account of the solo part in the cantata outstanding for accuracy, vitality, and cleanliness of tone.

MAX LOPPERT

★

Before the complexities of Carter, the early evening organ recital at the Festival Hall was given by the distinguished Czech organist Jiri Ropek. A nicely idiosyncratic programme (which included 16th-century tablature pieces and modern Russian and Czech works) was matched by highly individual likable playing. Ropek's flexibility of rhythm was gripping in both Buxtehude's D minor Prelude and Fugue, and Bach's D major Prelude and Fugue; though each came a little unstuck through over-exuberance, they had flamboyance and unpredictability.

His free rubato seemed less suited to the hypnotic tread of Böhm and Bach chorale preludes though here, as throughout, Ropek chose his registrations with rare good taste. An Invention by Tiscenko proved to be a perky novelty of no significance, but two pieces by Ropek's teacher, Wiedermann, had more to offer, especially the rousing *Impetuoso*, a grand finale in the shadow of the great organ solo from Janacek's Glagolitic Mass — one would have liked to hear Ropek play that.

NICHOLAS KENYON

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# Another month

AS Mr. James Callaghan reminded us yesterday, this country has been debating the question of devolution—for a good 10 years without coming to any satisfactory solution. It is, therefore, unlikely that an issue which has defied Parliament and people for a decade can now be resolved by Parliament within the next four weeks. That is the first point to be made about the Prime Minister's statement.

There was another curiosity. At no stage did Mr. Callaghan refer to his own position. His Government is clinging to power by a thread. It has sat on the result of the Scottish referendum for as long as it dared and is now seeking another month's grace. It is difficult to come to any other conclusion than that the Prime Minister is doing anything more than desperately playing for time.

As for the offer of all-party talks, one is bound to ask why, if the Government thinks it a good idea, it did not suggest it before. Coming from this Government, and at this time, the offer lacks all credibility.

Mr. Callaghan spoke eloquently of the need to preserve the unity of the UK and to take into account the views of the third of the Scottish electorate which voted in favour of the Scotland Act. What he omitted was the views of the rest of the Scots who either voted "no" or stayed at home, not to speak of the views of the English. It is time that those people, too, had a vote on what they think of Mr. Callaghan's Government.

# A ray of hope for Turkey

STEP BY STEP the Turkish Government is slowly announcing its long-awaited austerity package. A 90 per cent increase in petrol prices is only one of the fresh round of price increases which has been imposed on a nation still smarting from earlier such moves. A major reform of the tax system is under way but the rest of the package which Mr. Bulent Ecevit, the Turkish Prime Minister, has promised is still snarled up by disputes within the administration. A few targets have been announced and a few general measures, including the selling of shares in profitable State enterprises to Turkish workers abroad. But the rest, for the moment, is silence.

### *Controversy*

Such slow progress reflects the acute political controversy aroused by attempts to set right the economic mess which Mr. Ecevit inherited. He has succeeded in cutting back inflation but only in relative terms. In the year to last July it reached an annual rate of 70 per cent. Since then it has fallen to an annual rate of 40 per cent. Unemployment exceeds 20 per cent of the labour force and factories are working at only half capacity.

Further, Mr. Ecevit no longer can rely on the goodwill which greeted him when he came into power. Even his most ardent supporters are dispirited. Progress against terrorism is slow. His party is losing local elections and the partial Senate elections due in October might be a worrying prospect. But for the first time since the present crisis began reports indicate that there may be some light at the end of the Turkish tunnel.

One of Mr. Ecevit's main problems has been that setting the economy to rights requires massive fresh aid from outside, and the banks and Western governments require Turkey to meet the International Monetary Fund's guidelines. Last April the IMF agreed to a $450m stand-by arrangement but since then Mr. Ecevit has frequently clashed with the Fund. The draw down due last November has still to be made and talks with the IMF have been suspended for over two months. One of the basic problems has been the IMF's demand that Turkey should devalue, a move which the Ecevit government rejects, arguing that it would not increase exports but would raise the prices of essential imports, thus fuelling inflation.

However, last weekend the IMF published a set of more flexible guidelines. These had been adopted by the IMF board three weeks ago and followed widespread criticisms that the experience of Egypt and Peru, for example, showed that its conditions for aid needed reviewing. Under the new guidelines the IMF will "pay due regard to the domestic social and political objections, the economic priorities and the circumstances of members, including the causes of their balance of payments problems."

Further, there are reports that the IMF is beginning to consider a more flexible approach to Turkey, to accept that something like the present austerity package is as much as can be expected and, even, that immediate devaluation is no longer insisted on by the Fund.

On the contrary, its officials are reported to have suggested that perhaps Turkey should replace its present stand-by credit with a larger facility since the Witteveen Fund is now operational and, it seems, available.

The IMF would like one to believe that its new guidelines are merely a codification of existing practices. Mr. Ecevit might not agree. Indeed, if the IMF is no wheing its rule book this is because one country at least, West Germany, accepts how serious are the threats to stability in Turkey — and has used its financial muscle to persuade others of this.

# Electronics in Europe

VISCOUNT DAVIGNON, the EEC's Commissioner for Industry, called yesterday for a concerted European effort in the new technologies of electronics and communications. He argued that, without a coordinated industrial strategy in these sectors, Europe would continue to play second or third fiddle to the U.S. and Japan; the effect of such dependence would be to undermine Europe's political influence in the world.

The Commissioner is certainly right in drawing attention to the challenge and opportunity created by the convergence of computers and telecommunications—what is becoming known in French as "telematique." He is also right in saying that the ability of Europe companies to exploit the opportunity is greatly reduced by the lack of an open European market for the products and services concerned: most governments have adopted nationalistic procurement policies and other devices to protect their own industries. The difficult question is to define the appropriate role for the Commission in remedying these weaknesses.

### *Temptation*

What the Commission should avoid is the temptation to draw up elaborate plans for restructuring the European electronics industry. As past experience in Viscount Davignon's department has shown, the Commission does not have the power to carry such plans into effect.

Equally, it would be wrong to think of the European Community as a self-sufficient bloc, keeping the Americans and Japanese at bay. Electronics in all its forms is very much an international business; the leading companies want to participate, either directly or through joint ventures, in all the major markets. It is significant that two of Europe's strongest companies, Siemens of Germany and GEC in Britain, have made acquisitions in the U.S. and are collaborating in certain fields with Japanese manufacturers. It would be quite wrong to move from protectionism at the national level to protectionism at the level of the EEC.

Where the Commission can and should play an important part is in curbing national protectionism. Viscount Davignon pointed out that if innovations like viewdata are introduced in different countries with different technical specifications, as were the PAL and SECAM colour television systems, European industry will be penalised for many years to come. There is an urgent need both to open up public procurement (especially in agencies like the Post Office) and to agree on common standards and procedures, so that equipment can be sold and used throughout Europe.

It is less clear what contribution the Commission can make in providing financial support for companies and products. No doubt governments are wasting a lot of money in ill-co-ordinated subsidies to the electronics industry, but not much would be gained by transferring the subsidising responsibility to Brussels: the mistakes might simply be larger.

### *Co-operation*

Viscount Davignon spoke yesterday of the need for co-operation and specialisation at the European level. But the pressure to co-operate has to come from commercial self-interest. As long as national markets are hemmed in by technical and other barriers, there is little incentive to look for European partners as a means of building up an integrated business throughout Europe.

# South Africa paralysed by the information scandal

BY QUENTIN PEEL IN JOHANNESBURG

GENERAL VAN DEN BERGH — DR. MULDER — DR. RHOODIE

MR. P. W. BOTHA, the South African Prime Minister, has enemies enough around the world. The international pressures on his Government have not gone away. If anything they are coming to a head. Talks on the future of neighbouring Namibia (South-West Africa), which could prevent or precipitate international sanctions, have reached a make-or-break point in New York. Rhodesia is heading for an election which could push that country fully into civil war. The Iranian crisis has shut off the supplier of 90 per cent of South Africa's crude oil imports.

Yet in spite of that long list of serious problems, Mr. Botha's preoccupations remain stubbornly and overwhelmingly parochial, and not with his natural enemies, but with his former friends.

For months his Government has been battered by almost daily allegations of dishonesty and irregularities in its administration. The ruling National Party, given an overwhelming mandate by the white electorate, is bickering bitterly about tactics and personalities, if not about strategy. Government is paralysed by indecision and threatening to grind to a standstill. It took two months to decide on the new foreign exchange rules from the day when the Government received a recommendation to float the rand.

The cause of this political palsy are three men who might have stepped from the pages of a paperback thriller: a former spymaster, a jet-setting propagandist, and a fallen politician. General Hendrik van den Bergh, former head of the Bureau for State Security (BOSS); Dr. Eschel Rhoodie, former secretary for information, and Dr. Connie Mulder, former information minister, came within an ace of running South Africa as a supreme triumvirate, with Dr. Mulder as Prime Minister.

In the event they were disgraced for setting up an extraordinary network for clandestine counter-propaganda without any proper control on the millions of state money which financed it. They still possess enough information between them and command enough sympathy to threaten the stability of the Government and the positions of many of their former colleagues. But behind the sensational exposures of the so-called Muldergate scandal there is a malaise both within the National Party and in white South Africa as a whole, which in the long run could prove more debilitating.

Perhaps only a fraction of Dr. Rhoodie's work has been revealed. An official inquiry into his R64m (£37m) secret fund identified 138 secret projects, of which 57 have been cancelled and 68 are still going on. The rest have yet to be investigated.

Dr. Rhoodie has made no bones about his guidelines in the affair: he asked the then Prime Minister, Mr. John Vorster to approve a propaganda war "in which I should not be concerned about rules and regulations." Even bribery would be tolerated. "It it was necessary for me to purchase a table coat or a mink coat for an editor's wife, I should be able to do so. If it was necessary to send a man on holiday to the Hawaiian islands with his mistress for a month, then I should be able to do so," he said.

The major activities which have emerged included the establishment of a network of purportedly independent front organisations, peddling pro-South African propaganda.

Attempts to gain control of a series of major publications through intermediaries have been alleged. Other operations, according to titbits let out by the former information chief, included infiltration of political and labour movements, and payments for support of South Africa, as well as for information on anti-apartheid movements.

Even a partial exposure of such operations will undoubtedly undermine the overt attempts of South African diplomats and image makers to win wider western support.

It is important to state first what effects the scandal will not have. It will not have any immediate impact on black-white relations in South Africa. Nor will it cause the National Party to be defeated in any foreseeable election. The primary effects are within the ruling party itself which has well-nigh unchallenged power with a majority of 105 in Parliament. As far as the black community is concerned, the reaction most frequently heard has been that it is gratifying to have one's suspicions of white corruption confirmed.

Within the National Party, the scandal has reactivated existing divisions. Ironically—given the fall of Dr. Mulder—it has accentuated a conservative backlash against the more "enlightened" policies of the Government. It has so confused the leadership as seriously to hamper day-to-day administration, including the management of the economy.

The allegations of bribery and corruption have caused soul-searching in a government deeply conscious of its claim to Calvinist probity. It has caused a sharp division between those who claim that "no rules apply" when the survival of the Afrikaner nation was at stake, and those who insist that moral principle must never be abandoned. That debate has by no means been resolved.

The information scandal was seized upon by the Verligte wing of the National Party, as much as by the parliamentary opposition, as a way of destroying Dr. Mulder, then the certain successor of Mr. Vorster. While it succeeded, it also precipitated a right-wing backlash within the party, resulting in Dr. Andries Treurnicht, even more conservative than his predecessor, succeeding Dr. Mulder in the crucial job of Transvaal party leader.

Dr. Treurnicht showed a little of his true power when he succeeded earlier this month in having a Verligte back-bencher expelled from the party for criticising him. That was a warning to the Prime Minister not to ignore the power of his right wing, although so far he has refused to take Dr. Treurnicht into the Cabinet.

The differences between the Verligte and so-called Verkrampte (narrow-minded) wings of the party are differences about tactics, not strategy. Both agree on the overall and ultimate policy of separate development—the balkanisation of much of South Africa into independent black homelands surrounding a white core. But the Verkramptes insist that the policy is indivisible, requiring a consistent separation of the races in all spheres of life. The Verligtes believe that some compromise may be necessary on questions of "petty" apartheid — such as the segregation of public facilities in urban areas —in order to persuade the black population to accept the ultimate goal. Their Right-wing opponents say that concessions may only encourage the black population to demand more, including ultimate political rights in a unitary state, something which is unthinkable to the whole party.

There is little doubt that Dr. Treurnicht represents the natural inclinations of a majority of the National Party, even if, according to recent opinion polls, the Government is actually modifying apartheid less than the white population as a whole is prepared to accept. The backlash came dramatically in the recent strike of the all-white Mine Workers Union protesting against the promotion of black workers. In spite of its defeat — a victory for Mr. P. W. Botha as much as for the Chamber of Mines—the strike showed that miners were prepared to defy the law and undertake their first strike in 30 years on a basic racial issue.

The conflict about tactics has seriously delayed several major government initiatives. On the labour front the report of the Wiehahn Commission and the related report on black labour mobility produced by Dr. Piet Riekert, which are expected to recommend significantly increased flexibility of labour legislation to allow more black promotion, have been repeatedly delayed since last October. They are not expected before next month. The Government is seeking to introduce enough flexibility to satisfy business critics of rigid apartheid, without precipitating more widespread white labour unrest.

The one substantial piece of legislation in terms of national party policy planned for the present session, the introduction of a new constitution, is also in trouble. It provides for separate parliaments for whites, and for the Coloureds of mixed extractions and for Indians, to parallel the development of supposedly independent homelands for blacks. The proposal is now under attack both from the Coloureds and the Indians for excluding blacks, and from Dr. Treurnicht for providing for a mixed "Council of Cabinets." There is some doubt whether it can be introduced as promised this session.

On foreign policy, the same indecision seems to reign. Mr. Pik Botha's display of brinkmanship over Namibia, in first setting a series of deadlines and then giving way, also at least in part reflects divisions within the Government. The disagreement is whether it is more important to win international recognition for an independent Namibia, or to prevent the South West Africa People's Organisation (SWAPO) from coming to power there on a radical anti-South African platform.

South African policy towards Rhodesia is equally indecisive. Mr. Botha cannot bring himself either to support Mr. Ian Smith at all costs, or to drop him. Hence he gives him enough support to survive, but only just. There is no certain indication of what he would do for the sort of black Government that Mr. Smith has proposed for Rhodesia.

If the current initiative for a settlement in Namibia fails, one of the few chinks of light for the South African Government will come from the economy, and it too is uncertain. The economy has picked up from the bottom of the recession which began in 1974, but the latest energy crisis could put it back there. However, this effect will at least be cushioned by strong gold and commodity prices. Senator Owen Horwood, the Finance Minister, seems finally and firmly to have set himself on the path of growth, and an expansionary budget is expected from him next week. A lot needs to be done to boost last year's 2.5 per cent growth to the 5 per cent needed to absorb the natural population increase.

A return to healthy economic growth, which requires a renewed inflow of foreign capital, might buy the Government time to sort out its own internal disputes. But those very disputes may frighten off potential investors.

The options for Mr. Botha are limited. He does not seem able to deal with the information scandal without harming Mr. Vorster, now State President, who certainly knew a lot of what was going on in the Information Department when he was Prime Minister. An election might close party ranks—and the loss of a few urban seats would be no great hardship—but it would clash with the Government's constitutional plans, which would require yet another general election, probably next year. Uncertainty is made worse by not knowing what Messrs. Rhoodie, Mulder and Van den Bergh will do next. So, for the time being, Mr. Botha seems to have opted for the line of least resistance: sit tight, hope for the best, and try to divert attention to other traditional targets—the Press, the opposition, and the double-standards of the Western world.

## MULDERGATE: THE CAST LIST

### THE OPERATORS

DR. ESCHEL RHOODIE: former Secretary for information and man behind clandestine propaganda strategy. Now "somewhere in Europe." Faces charges of fraud and theft.

GENERAL HENDRIK VAN DEN BERGH: former Secretary for State Security. Close collaborator in secret projects. Identified by Erasmus Commission as sinister power behind Vorster.

### THE POLITICIANS

BALTHAZAR JOHANNES VORSTER: State President. Resigned as Prime Minister September, 1978, because of ill-health. Now legally above criticism. Cleared of blame by Erasmus.

PIETER WILLEM BOTHA: Prime Minister and Defence Minister. Defeated Mulder to become Prime Minister, September, 1978. Promised clean-up and appointed Erasmus Commission November, 1978.

DR. CORNELIUS PETRUS MULDER: Former Minister of Information and the Interior. Resigned November, 1978. Previously leader of National Party conservatives and natural heir apparent to Vorster.

DR. NICOLAAS DIEDERICHS: Late State President and former Finance Minister.

SENATOR OWEN HORWOOD: Minister of Finance. Denies prior knowledge of the secret information projects. Prime target of opposition.

ROELOF "PIK" BOTHA: Foreign Minister, now responsible for information service. Most outspoken critic of Mulder. Figurehead for party liberals.

DR. ANDRIES TREURNICHT: Deputy Minister for Plural Relations (African Affairs). Extreme conservative who has inherited Mulder's mantle.

### THE JUDGES

JUDGE ANTON MOSTERT: Former one-man commission inquiring into currency smuggling. Collected evidence on information operations. Published in defiance of Government, November, 1978, and sacked.

JUDGE RUDOLPH ERASMUS: Chairman of Commission of Inquiry into the affair. Appointed November, 1978, on dismissal of Mostert. Interim report blamed Mulder, Rhoodie, Van den Bergh for irregularities. Cleared Vorster, Botha, Horwood.

# MEN AND MATTERS

## Spreading the legal word

Having consigned the blundering Mr. Whatsis name campaign to oblivion, the Law Society is trying again to make the British public love solicitors and consider their fees to be cheap at the price. It has changed advertising agents to Saatchi and Saatchi (the *Tories' own*) and is also to become involved in distributing a glossy magazine for home-owners.

The magazine, its name still secret, is to be launched next month. It will be distributed free by solicitors throughout England and Wales. The publishers—a new independent company—expect to shift 200,000 copies a quarter this way.

The chairman of the company is a former Guardian journalist, Philip Davies. I gather that the magazine will not be printing anything in the least unkind about the cost of conveyancing. "You could say it is a marriage of convenience between us and the Law Society," Davies told me.

"He's all for Scotland for the Scots as long as it means No. 10 for No. 1!"

## Importing style

China's enthusiasm for building anew is showing itself in the most literal way. The All-China Architectural Association has just had a soul-searching seminar in Peking, to which it invited a select group of western architects and city planners.

Some basic questions were put to the visitors—for example: "Is it possible to establish an official national style of architecture?" Most post-revolutionary building in China is heavily Stalinist in style: some, including the extension to the Peking Hotel (originally put up in 1910 for Wagons-Lit), was actually designed by architects sent from Moscow. Now the Chinese are in a hurry to find a new mode.

One of the guests at the four-day seminar was Dale Keller, an interior designer who has his head office in London but specialises in work for the Far East. He tells me that the 60 Chinese architects were very conscious of a 30-year gap in their country's design ideas. They asked tirelessly about the latest technologies in building.

"We stressed to them," says Keller, "that technology does not bring with it a form."

The Chinese are also displaying a new morality towards the environment. The State has ordered that three factories built in a famous beauty spot some years ago should be demolished.

The seminar coincided with a re-birth, after more than a decade, of the Chinese Architectural Journal, which contained a synopsis in English of an editorial on designing public buildings. This took obligatory lunges at the "Gang of Four," but also made good use of the dictum about "letting 100 flowers bloom and 100 schools of thought contend"—without saying that it came from Mao.

Doyen of the visitors was 87-year-old Hans Blumenfeld, a German-born city planner now living in Canada. Not only did the Chinese venerate his age, but they were fascinated that he had worked in the Soviet Union nearly half a century ago. His advice to them on how to avoid the planning mistakes of the Russians was, I gather, a great success.

## Alpine ritual

A reader newly returned from Switzerland sends me a page from the tri-lingual guide to Zermatt. The announcement in English about religious services says: "The church services offer us the chance to join in the united praise of Gold." My correspondent remarks, rather unkindly: "And how they praise it!"

Not wishing to make play with someone else's slip-up while ignoring our own, I can scarcely let pass a contents reference on the front page of yesterday's FT: "The Jordan Islamic Bank: Banking without ursury." In a perpetual bear market, perhaps.

## Peace breaks out

Like most old ladies, the Bank of England can shuffle along quite quickly when necessary. Its carpenters, at least, have clearly been working overtime since the Battle of Watling Street. When the trickle of applicants for the new gilts issue turned up yesterday, the continuous counter on the *third* floor had materialised, as promised.

Not only that—to avoid suggestions of even a Jostle of Watling Street, staff had been told to use another entrance, and the whole battery of high-speed lifts was at the applicants' disposal.

Despite the perverse defiance of a number who waited until 9.59 am to saunter through the doors, nothing even rippled the exemplary calm of the proceedings. But just to make sure, David Eastham, head of Joseph Sebag, one of the most vocal protestors about the last experience, was up bright and early to supervise the serenity.

## Bridge of sighs

A proposed trip to Venice in the springtime is, I hear, straining relations between the old and new breeds of Tory Euro-MP. What is at issue has nothing to do with the right of the present Conservative group in Europe to go on a trip. Each group is allowed two "study tours" a year to anywhere in the Community, with all travel expenses paid, plus an allowance of £55 a day.

What disturbs the would-be Euro-men is the timing of this *outing*, just five weeks before the direct elections to the European Parliament. Though the campaign proper will not have begun by then, certain of the prospective Euro-MPs are muttering that since only seven of the existing 18 European Conservatives are standing for election, there can be little point in them studying anything new in May, let alone going to Venice to do it.

Stung by this vinegary attitude, the group ripostes that its main objective is to help those MPs who will arrive in Europe for the first time. As Conservatives, they go on fluently, they will be part of the broad grouping of centre-right MPs in the Parliament, of which Italy's Christian Democrat Party is also a member. *Ergo*, the travellers say, Venice is just the place for building bridges for the future with like-minded Italians.

The proof offered for the integrity of this argument is that the study tour was originally going to be three days in Sicily. It was decided to switch the venue to Venice because those vitally important Christian Democrats, it is pointed out, tend to be more populous around the Grand Canal than down south.

## One-way traffic

In a City bar, I heard a man ask his older companion: "I suppose you're approaching retirement age?" The other retorted defensively: "Have you ever met anyone who's going the other way?"

**Observer**

POLITICS TODAY

# The chances of a big Tory election win

CITY, at least, had led by about halfway igh Wednesday that a sh general election is now tht. Indeed, the main talk-point was no longer pre- when it will be, nor who win, but the size of Mrs. ther's majority.

at is an important question. not very long ago there school of thought both in ity and in the Tory Party held that the best possible me would be a Tory ity that was relatively —say about 20-30 seats ll. In that way, it was d. Mrs. Thatcher's natural uousness would be con- l. She would be restrained trying to do too much.

always suspected an nt of disingenuousness in thinking, as well as of l pessimism. Many Tories dared to hope—at least in —for a majority any . Yet suddenly the ht has dawned that the rvative Party could be if not next month, then at this year with a majority er 50. That explains the clation.

## ifficult time

practical terms the size of majority matters because Thatcher will come to . if she does, at a difficult mic time. Most Tory mic policies threaten to the conventional economic tors look worse rather better, at least for a while. t to indirect taxation, for ce, would put up the cost ng index. Equally if the were to stick to their to cut subsidies, there would presumably be a further rise in unemployment.

If there were a small majority, Mrs. Thatcher would always have to keep in mind the possibility of another election in perhaps 18 months' or two years' time. The initial effect of Tory economic policies could be one of great unpopularity. The political pendulum can swing quite quickly and can manifest itself dramatically in by-elections.

But if the majority were large Mrs. Thatcher could weather the storm and go on till her policies produced the desired results. She would also be in a much stronger position in her own party. That at least is the theory, and it has something to be said for it.

As to when the election will be, one would still be reluctant to hazard a guess except to say that the possibility of the *Government falling next week* is a real one. If it survives then, the point of Mr. Callaghan's offer of all party talks on devolution must be to maintain the option of going to the country on June 7, the same day as the elections to the European Parliament. There are certainly many people in the Cabinet and in the Labour Party as a whole who regard that date as the best bet and who would enjoy combining the British and the European campaigns. But if Mr. Callaghan was still *in a position to hang back* in June, there would then be almost nothing to stop him going on to October.

As to who will win, the underlying trend of the opinion polls must point firmly to the Tories, whatever the date. It is natural that Labour should have retrieved some of the 20 per cent or so Tory lead attained at the height of the industrial disputes this winter. Indeed they have already pulled back about seven points within the past few weeks, and they should be able to do as much again. But the trend is of a hard core swing to the Tories of 5 or 6 per cent. It is that with which the Government has to contend. It suggests a sizeable Tory victory.

* * *

WHEN Mr. Enoch Powell called last week-end for a pipeline to supply British natural gas to Northern Ireland, it was generally assumed that he was simply raising the bidding in any negotiations with the Government to secure Unionist support. The Ulstermen's case looked no better when it was realised that the call had already been made the day before by Mr. Harold McCusker, the MP for Armagh. Mr. McCusker is also the chairman of the Northern Ireland Gas Employers' Board, so he has an obvious interest in the matter.

Yet it turns out on closer inspection that Mr. Powell has a point. Energy policy concerning Ulster, in so far as it exists at all, is chaotic. Sooner or later something will have to be done about it, if not by this Government. At the same time, energy is one of the few areas where there is actually a demand — on both sides of the border — for greater cooperation between Ulster and the Irish Republic. Whether this cooperation can come about depends largely on Britain.

What has happened is briefly this. The town gas industry in Northern Ireland is gradually dying. The current cost of naptha makes production almost prohibitively expensive. Even when the gas is produced, its characteristics are such that it is suitable only for certain types of appliances. The supply of these appliances is becoming limited because most companies are now manufacturing mainly for the natural gas market.

There has been a decision to rely more heavily on electricity. But that, too, is expensive. Mr. Roy Mason, the Secretary of State for Northern Ireland, last year awarded a £100m subsidy to industrial users in his efforts not only to attract new industry but also to keep existing industry going.

It is also quite likely that there will soon be serious excess capacity. Present demand is running at about 1260 Mw against an installed capacity of just over 2000 Mw. The generating plant now under construction at Kilroot will add another 1260 Mw by the mid-1980s. Since the Northern Ireland Energy Service cannot meet the cost of this construction, the British Government has contributed a grant of £230m.

## Gas for Ulster

It is argued by Mr. Powell and others that these problems could be much reduced—Kilroot, for example, could be cut back—if Ulster had access to British natural gas. At the request of the Department of Commerce, the British Gas Corporation Consultancy Service completed a feasibility study some time ago. It has not been published, but it is understood that it put the cost, including the laying of a single pipeline between Scotland and Northern Ireland, at £130-£150m. A statement is promised to the House of Commons before Easter, provided that the Government survives. Yet it is clear that neither the British Gas Corporation nor the Department of Energy wants to go ahead.

The economics, however, could look quite different if the situation in the Irish Republic were also taken into account. Because of the high economic growth rate, Irish energy consumption has been rising rapidly. Between 1968-77 it increased by 50 per cent. Yet the country has severe energy problems which have recently been made worse by the decision to postpone the building of a nuclear power station pending the outcome of a public inquiry.

There is also the question of the inter-connector which used to function between the northern and southern grids on the Irish border. It has been out of action because of terrorist damage since 1975. The Irish White Paper on energy, published last summer, says that this has been a "serious handicap" for both North and South. The Irish Government would like to see repair work begun as soon as possible. The Northern Ireland Office agrees in principle, but the work has not yet been started.

What is more, the Irish have expressed a keen interest in direct energy links with Britain either through an underground cable for electricity or through a pipeline for natural gas, or possibly both. At the last Anglo-Irish economic consultations the Irish specifically asked whether, in the event of a pipeline being built between Scotland and Ulster, supplies could be extended to the Republic. There has even been talk of Common Market funding.

It is unusual for circumstances to come together in this way. There is a surfeit of capacity in the North and a surfeit of demand in the South. At the same time money is being squandered by the British Government in an absurd manner: witness, for example, the £250m grant to Kilroot. The present British approach seems guaranteed to bring neither economic nor political returns.

Mr. Powell may have made his point too late to get anything more out of the present administration. But it seems to me that he was right when he said in his speech last Friday: "No one but a lunatic or a government would have been committed to installing the huge excess capacity for electricity generation at Kilroot. . . . No one but a spendthrift multi-millionaire or a government would have poured millions into propping up a town gas industry in various parts of the province."

* * *

THE TORIES had been looking forward to last Monday's debate on public expenditure. They had a sitting duck of a target. The White Paper under discussion was "The Government's Expenditure Plans 1979-80 to 1982-83." It was the one which took as its most optimistic "illustrative assumption" an average earnings rise of about 7 per cent during the current pay round and of 5 per cent thereafter. Its most pessimistic illustration was of an annual earnings rise of 11 per cent throughout the period. The projected average annual economic growth varied between 3½ per cent and 1½ per cent, depending on which assumption proved the most realistic. As was widely pointed out at the time, the White Paper seemed to have been overtaken by events even before it was publishd.

## Carelessness

Yet the debate never really took off. It was sparsely attended and at the end the Government had a majority of 40, which looked almost like carelessness on the Tories' part.

One would not wish to criticise Treasury officials for making forecasts that are not achieved. The officials are all too well aware of their own personal fallibility, let alone the fallibility of forecasting. That is one reason why they prefer the term "illustrative assumptions." The pressures to produce any kind of forecast at all come from politicians, and the Treasury is probably as professionally capable as anyone else of meeting the demand.

But there is one general consideration to which both politicians and officials might give more time. Practically all post-war governments have promised growth rates that have proved unattainable, or at least unsustainable. It may be that the fault, if it is a fault, lies not in the policies pursued, nor even in the repeated switches from one policy to another. Perhaps the British actually like being inefficient.

The Tory approach on Monday was utterly traditional. It consisted of bashing the Government and saying that the Tories would do better. It is possible to argue that some of the things which the Tories promise—like cutting taxes—are desirable on libertarian grounds alone. But one suspects that the real test of a Thatcher Government will arise if these things are done and growth is still not achieved. After all, most people used to assume that growth would flow automatically as one of the benefits of North Sea oil. It has not happened. It is to problems like this that the Tory Party has yet to turn its mind.

**Malcolm Rutherford**

*Ashley Ashwood*

Excitement and thoughtfulness on the floor of the London Stock Exchange: here it was about gilts but in the last two days it has been about the imminence of a General Election.

# Letters to the Editor

## ...listed ...arkets

*From the Chairman, ...ed Computer Techniques*

—I read the Lex column listed markets (March 19) great interest and without y way disagreeing with its conclusions, may I make oints?

discussing the recent issue pplied Computer Tech- s Lex says that "volatility ound to be increased by ict that only 10 per cent shares were placed . . . ntrast to at least 25 per f a company in an official on." I do not think this essarily so and the ex- ce of my own company's make an interesting case

Ten per cent of ACT or shares were placed at On the two days following ue at least 300,000 shares ed hands, of which over 0 were additional shares g from the original rs. I estimate that not ar short of 25 per cent of hares have now changed since the issue and there little evidence to suggest f we had placed 25 per t 95p the price action of ares would have been very nt. Moreover, our sponsor were faced with a very real m. The computer service software industry is underrated on the stock market I point out. This made ricing of the issue very lt, especially in euphoric t conditions such as at nt. We the vendors feel relaxed about the fact that hares have almost doubled the issue price, but I do know whether we would felt the same way if we old 25 per cent.

issuing house sponsoring ssue is surely of more im- nce than you suggest. In se with Singer and Fried- Grieveson Grant and we had a very strong and moreover not only did oduce a prospectus but we ed into all sorts of commit- and undertakings that or less required us to e as though we were a company.

would have thought that arrangements provide very protection for the investor the fact that top city firms their name to a Rule 163 prospectus is surely an ration of how such firms help a growing business. all, a company has to be large now to go public in conventional way and the are prohibitive: the lopment of a secondary et could do much to focus ambitions of entrepreneurs more attainable target.

N. Bury, ied Computer Techniques, corage Road, aston, Birmingham.

## ...n expedient ...lection

*...n the Liberal Prospective ...iamentary Candidate for ...rd North.*

r.— As one of hundreds of eral prospective candidates, especially as one who has ht by-election, David l's call for an early General ction causes more than a ht disturbance of equani- y. Each of us knows that rt from Euro elections and council elections, an election to constitute a new parliament at Westminster must take place during the next six or seven months. But the question in everyone's mind concerns timing. When is the most expedient moment for an election for the benefit of the party?

It is a great sadness that in a nation with pretensions of subscribing to notions of democracy that expediency becomes more significant than the overall health of society. Instead of fixing a regular, fixed life of a parliament, of preferably four years, and instead of using an electoral system likely to achieve the greatest consensus of the voters' wills, we, as a nation, invite the Prime Minister to play a game of Russian roulette, arming him with a collection of bullets, most of which have little, if anything, to do with matters of government.

Is it really necessary that the occurrence and outcome of litigation, the statistics of opinion polls, the popularity of individual party leaders, annual holidays, the weather, the publication of new electoral registers and even the manipulation of parliamentary business to bribe groups of members from Scotland, Ireland, or even the Liberal Party should be the factors that influence the Government of the citizens of the United Kingdom of Great Britain?

John Freeman.
*16, Ascot Close, Hainault, Ilford, Essex.*

## Party political advertising

*From Mr. H. Parker.*

Sir,— Winston Fletcher's interesting piece (March 15) on the effectiveness (or not) of party political advertising campaigns omitted one U.S. election slogan that was as memorable and effective as it was brief: "Had Enough? Vote Republican." I cannot even remember in which Presidential campaign this slogan was used, but I do *know that it had considerable* impact on the U.S. electorate at the time. The Conservative poster "Cheer Up! Labour Can't Hang On Forever" is, of course, a near equivalent but it seems to me less effective simply because it contains more words and correspondingly less punch. There may be a message in this for Saatchi and Saatchi, and others who practise this kind of advertising.

Hugh Parker,
*74 St. James's Street, S.W.1.*

## A strong currency

*From Mr. P. Fletcher.*

Sir,—I wonder at what level of minimum lending rate the pound would cease to be so absurdly strong and would fall to a level at which our exports would once again become competitive? If we could determine this we might also discover how much support the pound is really receiving from North Sea oil, which along with high interest rates appears to be the main prop to the pound.

It is wrong to compare the pound with genuinely hard currencies the strength of which derives from strong economies. The combination of a favourable oil situation for the UK (compounded by the Iran troubles) with a policy of high interest rates designed to support the public sector borrowing requirement has given an illusory strength to sterling. The real situation lies in our weakened export performance, our lack of investment, the disarray of management, and a labour force so out of touch with reality they seek shorter working hours despite achieving the lowest productivity of any industrialised country.

We can look forward to a neutral budget which will do little to help the economy, and then a period of limbo until the election. It is hardly surprising that Sir Harold Wilson's City Committee found there was little demand from industry for funds for investment. There is just no incentive with interest rates (and taxes) at this level.

In a properly managed economy interest rates should be geared to optimise investment at home and export performance abroad. These are the foundations for a genuinely strong currency. It is also what reducing unemployment is about rather than tinkering with job creation schemes and subsidies.

P. G. C. Fletcher.
*Driftways, 5, Davenport Road, Felpham, Bognor Regis, West Sussex.*

## Directed labour

*From Mr. D. Brown*

Sir,—Your report (March 16) quotes Mr. Bryan Jefferson senior vice-president of the Royal Institute of British Architects as welcoming the register of approved contractors for the construction industry. "To cut out cowboys." I am surprised that the RIBA is not aware of the facts of the registration scheme about to be forced on to this industry.

The proposed registered contractors will have registered employees directed to them by the Construction Industry Manpower Board. When employment ends the employee then returns to the CIMB pool, this pool to be funded by registered employers, this being similar to the situation on the docks and it is expected that registered building workers will be able to sign on to collect their guaranteed pay and then carry on moonlighting for the rest of the day.

Just imagine the effect of this situation on the consumer! In fact Mr. Jefferson is confusing consumer protection with employee protection.

David Brown
*302 Ford Green Road, Norton, Stoke-on-Trent.*

## Asking for Bacardi

*From Simmons and Simmons*

Sir,—As the solicitors representing Bacardi and Co Ltd we feel compelled to correct the impression that may be created by your report of March 21 (Page 7).

In reference to our client's action against the Courage brewing group, we must point out that, contrary to the statement in your article, no representative of Bacardi and Co has said that "since it is dominant in the white rum market, people may use the trademark Bacardi when asking for white rum."

When people ask for "Bacardi" it is obvious they specifically want our client's brand and no other. It is therefore only fair and reasonable that they be served with what they have requested or be told clearly of its unavailability if such is the case. That is the point of our client's action.

Simmons and Simmons.
*14 Dominion Street, EC2.*

## Interpreting developments

*From the Director, National Institute of Economic and Social Research*

Sir,—A bout of seasonable illness has meant that I have only just had a chance to study Mr. Anthony Harris' reply, in Lombard on March 14, to my letter of March 12.

My letter was a critique of your interpretation of economic developments last year. The "embarrassing question" to which Mr. Harris refers occurred in the last paragraph of the typescript which was, unfortunately, omitted from the printed version of my letter. Mr. Harris gracefully acknowledges that he has no evidence at all to support your interpretation of events, and he decides that his best hope is to counter-attack by asking me whether I really think that a rise in interest rates of 8 per cent does not matter. The short answer is that, of course, I think it matters.

The longer answer concerns the context in which such a rise occurs — Are we moving from 3 per cent to 9 per cent or from 8 per cent to 14 per cent? Is inflation running at 5 per cent or at 15 per cent? Is there unemployment or full employment and so on — and which variables are altered and to what extent?

A detailed account of the possible effects of fiscal expansion under a variety of alternative assumptions, according to the Treasury, National Institute and London Business School models can be found in the National Institute *Economic Review* of February 1978, which also contains an article surveying the empirical evidence about the channels of monetary influence. I cannot summarise forty pages of research and analysis in a single sentence, but I can only say that Mr. Harris will find little support from either the Treasury of the National Institute research for his contention about crowding out.

His reference to Snarks and Boojums suggests to me that Mr. Harris is well aware of this material, for his final trick is to say in effect: "Ah yes, but all your conventional economic and econometric analysis is no good, for you look at the problem in the wrong way." The proper way to look at higher interest rates, he says, is in terms of a transfer of income from companies to persons. He then implicitly assumes the marginal propensity to consume out of interest income of persons to be zero, and asks me whether he has found a Snark.

Even on his own terms, of a pure redistribution of a given income, our coefficients would give us an increase in consumption greater than the decline in investment. But in fact this problem is far more complicated. If we were to set up an exercise along Mr. Harris' lines I hope that we would not forget, as he appears to have done, the initial fiscal expansion which was supposed to have put up interest rates in the first place. He has not found a Snark, nor even a Boojum. I think he may have picked up one of those nasty one-sided pennies which the Devil has strewn in such abundance all over economics to tempt the unwary into error.

One last word. I would be the last to claim that I am at all sure how the economy functions in unprecedented circumstances of high inflation and high unemployment. Relationships derived from past experience frequently let us down. If we have hunches about new factors our duty is plain. We must try them, and test them as best we can. If we fail, and still back our hunches, then we must try again. The one thing we may not do is to ignore such evidence as there is simply because it is inconvenient.

G. D. N. Worswick,
*2 Dean Trench Street, Smith Square, SW1.*

## Health at work

*From Messrs. C. Baker and A. Lloyd-Jones*

Sir.—Deterioration of the health of the worker as a result of poor occupational health practice can result in large payments of compensation—over £500m is paid annually. Private companies pay around £170m annually to protect themselves against compensation claims.

The spirit of the Health and Safety at Work Act and good occupational health practice is to prevent ill health. Large companies can afford the expense of an occupational health unit but some 190,000 are too small to afford the expertise of an occupational physician and hygienist and are barely able to meet the First Aid standards required by The Factories Act 1961. For the small companies there is a solution. A group could subscribe to an occupational health service which would provide both medical and hygiene facilities and have the primary aim of prevention. Financial analysis shows that one service could be viable if it covered a minimum of 15,000-20,000 employees from 200-300 small companies; an appropriate charge of £10 per employee per annum was levied; and a loan of £200,000 was initially available repayable over a three-year period. The service would have a staff of about 16 full or part-time specialists in occupational medicine and hygiene with experienced nursing and ancillary staff. The cost of the service to a company would be financed by reduced insurance premiums and this would go most, if not all of the way, to paying for it and it would differ from the few existing services by emphasising prevention.

There are many locations throughout Britain where the number of employees in a small area is at least 15,000, particularly when one includes offices and shops. In any one of these locations a private occupational health unit of this type could flourish and make a profit.

C. C. Baker,
Alan Lloyd-Jones,
TUC Centenary Institute,
*London School of Hygiene and Tropical Medicine, Keppel Street, WC1.*

# Today's Events

GENERAL

UK: Miners ballot on pay offer continues.

TUC sees Ministers at Treasury for continuing talks on economy.

Conservative Central Council two-day meeting starts, St. John's Hall, Solihull.

Mr. Albert Booth, Employment Secretary, at Edge Hill by-election meeting, Liverpool.

Dr. David Owen, Foreign Secretary, at Cradley Labour Club meeting, Halesowen.

Sir Kenneth Cork, Lord Mayor of London, attends General Court meeting of Mercers' Company.

The Queen and Duke of Edinburgh visit Poole and Bournemouth.

Earl Mountbatten at Variety Club lunch, London.

Overseas: Steelworkers demonstration, Paris.

Final day of EEC/developing nations Ministerial conference in Brussels.

Final day of industrial powers (U.S., West Germany, France, Italy, UK and Japan) meeting in Tokyo.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

COMPANY RESULTS

Final dividends: Friedland Doggart Group. Pennine Commercial Holdings.

Interim dividends: Bridport-Gundry (Holdings). MacAllan-Glenlivet. Newman-Tonks. Pifco Holdings.

COMPANY MEETINGS

SGB Group, Waldorf Hotel, Aldwych, WC, 11.30. Scottish United Investments, 37, Renfield Street, Glasgow, 11.

LUNCHTIME MUSIC, London

Organ recital by Franz Lorch, St. Paul's Cathedral, 12.30.

Chamber concert directed by Yona Ettlinger, Guildhall School of Drama and Music, 1.10.

# Bowring profits ahead 15% to record £37.7m

WITH PROFITS from insurance activities rising by 10 per cent and those from the Bowmaker subsidiary reaching a new peak, taxable profit of C. T. Bowring, the insurance, instalment credit, banking, shipping, trading and property group advanced by 15 per cent from £32.76m to a record £37.66m in 1978.

Turnover rose 17.7 per cent to £1.28bn. After tax increased from £15.74m to £17.9m, net profit was £19.68m against £17.02m.

In their interim report, when profits for the first half were up 27 per cent to £19.07m, the directors said they expected profits for the year to show an improvement over 1977, but the rate of growth of the first half was not expected to continue in the second six months.

Earnings per share for the year are shown at 17.9p against 15.7p and 14p (12.4p) fully diluted. The final dividend is 2.34768p lifting the total from 2.977733p to 3.361055p.

| | 1978 £000 | *1977 £000 Year |
|---|---|---|
| Turnover | 1,281,114 | 1,088,091 |
| Broking profit | 21,325 | 20,002 |
| Underwriting | 4,613 | 3,585 |
| Insurance profit | 25,938 | 23,587 |
| Bowmaker | 11,516 | 9,218 |
| Singer & Friedlndr. | 2,666 | 1,841 |
| Trading | 1,196 | 893 |
| Shipping loss | 504 | 197 |
| Property | 633 | 646 |
| Central costs | 1,178 | 572 |
| Loan interest | 2,610 | 2,660 |
| Profit before tax | 37,657 | 32,756 |
| Tax | 17,978 | 15,739 |
| Net profit | 19,679 | 17,017 |
| Minorities | 536 | 387 |
| Pref. dividend | 11 | 11 |
| Available ordinary | 19,132 | 16,619 |

* Adjusted.

In September 1978, Bowring and Marsh and McLennan Companies Inc. announced plans for the co-ordination of the operations and the combination of the results of all their insurance interests.

Since that time substantial progress has been made in developing a definitive plan for the implementation of the proposed arrangements. It is expected however that it may still be some considerable time before the necessary approvals of the various competent authorities are obtained and these arrangements can be put into effect.

See Lex

## ORION BANK

Orion Bank has recently purchased Nikko Securities' 5 per cent interest in Orion Pacific. Orion now owns 90 per cent of Orion Pacific.

## HIGHLIGHTS

With election speculation still dominating the scene Lex looks at the stock market in the light of yesterday's gilt-edged tender, and the further rise in the money supply. Among companies, Philips, the Dutch electrical giant, reports slightly improved results for 1978 in what it described as not very favourable conditions. Meanwhile, Bowring's profits are rather disappointing with a 15 per cent rise at the pre-tax level. Insurance broking has been sluggish, but the impact of sterling probably chipped £3m off profits and this is the main factor behind the mere £5m increase. Elsewhere, Stone Platt still appears hesitant about prospects despite a significant jump in its order intake, while at Cope Allman interim profits are ahead of forecast, helped by a strong recovery in packaging. Yorkshire Chemicals has come through a very difficult second half but the shares can turn to a double figure yield for support. Mills and Allen continues to show steady growth and Horizon has produced a sharp increase.

## Gibbons Dudley picks up

AS EXPECTED Gibbons Dudley fared better in the second half of 1978 and pre-tax profits turned in at £2.42m compared with £2.36m. At the interim stage, when reporting a decline from £1.87m to £2.42m, the directors said that the second six months would show an improvement but full year results were not expected to exceed those for 1977. In the event they showed a £154,000 decline at £4.07m.

| | 1978 £000 | 1977 £000 |
|---|---|---|
| Turnover | 39,406 | 51,756 |
| Building prods. | 12,232 | 10,315 |
| Refractories | 13,635 | 12,753 |
| Engineering | 12,295 | 27,712 |
| Industrial ests. | 1,244 | 976 |
| Trading profit | 4,063 | 4,150 |
| Building prods. | 1,668 | 1,426 |
| Retractories | 158 | 445 |
| Engineering | 1,704 | 1,684 |
| Industrial ests. | 533 | 462 |
| Parent company | — | 133 |
| Interest receivable | 8 | 75 |
| Profit before tax | †4,071 | 4,225 |
| Tax | 372 | 41 |
| Profit after tax | 3,699 | 4,184 |
| Minority loss | 98 | *5 |
| Extraord. debits | 28 | 69 |
| Available | 3,769 | 4,110 |
| Interim dividend | 144 | 129 |
| Special interim | 5 | 5 |
| Final | 397 | 355 |
| Retained | 3,223 | 3,621 |

* Profit. † Building depreciation charged in 1978: £182,000 (1977—nil).

The full year shortfall was mainly due to a fall in contribution from the refractories division, which at the trading level returned £158,000 against £445,000.

Earnings per 25p share are given at 19.63p (21.6p) and the net total dividend is raised from 2.52737p to 2.8219165p, with a final payment of 2.0508298p.

## Advance by Wolf Tools

WITH TURNOVER rising from £16.28m to £18.41m, Wolf Electric Tools (Holdings), manufacturer and distributor of portable tools and associated products, achieved increased pre-tax profits of £2.97m in 1978, compared with £2.69m a year previously. At the interim stage the profit advance was from £1.21m to £1.39m.

Yearly earnings are shown to have risen from 9.67p to 11.11p per 25p share and the total dividend is effectively raised from 1.27p to 1.43365p, with a final of 0.80865p. The cost of the total payment is £184,868 (£163,337).

Tax took £1.54m (£1.44m) and there were extraordinary debits of £100,733 (£94,823).

Mr. G. M. Wolff, chairman, states that the appreciation of sterling in terms of other currencies has, once again, reduced the contribution to profits of certain overseas subsidiaries.

It is also making it progressively harder to remain competitive in export markets generally.

# Mills & Allen up 43% midway

PROFITS BEFORE tax of Mills and Allen International, outdoor advertising contractor and foreign exchange broker, jumped nearly 43 per cent from £2.12m to £3.02m for the six months to December 31, 1978, on turnover up 17.8 per cent to £15.54m. In the previous full year, a £4.97m surplus was achieved.

In view of the continued improvement in group profitability, an interim dividend of 3p net is to be paid against the forecast of 2.5p made last September — the 1977-78 single payment was 5p.

Mid-year earnings per 50p share are shown up from 17.5p to 19.2p actual, and from 11.5p to 16.9p based on a notional 52 per cent tax charge.

All the group's trading companies, with the exception of its UK foreign exchange and currency deposit business, Harlow Meyer, achieved improved results.

Harlow Meyer's decline in profitability was principally due to the fall in the value of the U.S. dollar — the major denomination for brokerage — and the costs arising from the computer installation.

All media contracting businesses, both in the UK and overseas, experienced a marked improvement in demand.

Attributable profits rose from £1.47m to £1.61m, after increased tax of £1.38m (£0.61m) and minorities. The interim dividend absorbs £0.28m.

The group has negotiated new borrowing facilities with its principal bankers to replace all loans previously advanced under the Bank of England "Lifeboat" arrangements.

### ● comment

Mills and Allen continues to show firm growth on the back of fatter advertising budgets and the increasing popularity of outdoor advertising. Underlying growth is clearly strong enough for the company, which is not subject to dividend restraint, to lift the interim payment above last September's forecast. On top of volume growth, outdoor advertising has benefited from tariff rises while Pearl and Dean, which suffered a small downturn last year, made progress due to the jump in cinema admissions. Harlow Meyer, the foreign exchange business, also traded well but profits were slightly lower because of the weaker dollar. Overall, the outlook is good although any drop in consumer expenditure will show up quite quickly on the advertising side. The company is not giving anything away regarding the final dividend, so shareholders will have to wait until the full-year results are in the bag. Last night the shares closed 8p higher at 263p.

## Capseals leaps to £806,000

Taxable profits of Capseals jumped 42 per cent from £567,000 to £806,000 in the half-year to December 31, 1978. The increase reflects improved production and the benefits resulting from investment in new plant.

Mr. Andrew Chapman, chairman, says he expects the year's profits to be about 15 per cent above last year's record £1.5m. But he says that demand is levelling out while costs have increased, therefore the company will not maintain the rate of improvement now reported.

UK sales of the paper and packaging group increased from £8.58m to £9.53m, and direct exports rose from £1.48m to £1.52m.

After tax of £338,000 (£205,000) attributable earnings were ahead from £362,000 to £468,000.

The interim dividend is lifted from 0.88p net per 5p share to 0.968p, and the directors intend to recommend a total for the year of 2.1204p, the maximum permitted, against 1.9276p. Earnings per share are shown up from 3.04p to 3.93p.

Substantial capital spending is being made during the second half, the benefits of which should be apparent in 1979-80.

Mr. Chapman says it appears the inflation rate will be in double figures again soon, and this will increase investment in working capital. The group's resources are adequate to finance planned expansion.

Increased inflation and its effect on sterling's value is expected to add further to raw material price increases, many of which are imported. This, with increased employment costs, will inevitably lead to reduced margins if the company is to remain competitive, he comments.

# Stone-Platt setback as forecast—upturn seen

AS FORECAST profits of Stone-Platt Industries are sharply down for 1978. The group saw the taxable surplus slide from £14.8m to £9.51m on sales of £192.8m, against £176m.

The Board says the disappointing year was due to the continuing recession in the textile and shipbuilding industries. The year-end decline was signalled at midway when pre-tax profits were down from £6.04m to £4.31m.

However, the directors say that there is now some sign of an upward trend in demand and the unexecuted order book has improved. At the year-end it stood at £179m, compared with £133m at the end of 1977. They expect sales and profits in the current year to improve, subject to inflation, greater exchange rate stability and to uninterrupted production.

The problems last year were mainly in the Platt Saco Lowell textile machinery division, where trading profits slumped from £9.63m to £3.48m on sales of £74m, against £80.3m.

The directors explain that some export contracts could not be shipped by the year-end due to difficulties in completing detailed contract terms. Margins were under pressure because of depressed trading conditions, which was accentuated by the U.S. dollar's decline. In addition there were problems in the U.S. resulting from the North Carolina plant closure and the need to train new people for the South Carolina operation.

The other divisions were broadly in line with their budgets. Scragg staged a turnround from a £535,000 trading loss to a £224,000 profit in difficult trading conditions, but the marine and mechanical side saw profits drop by more than £1m to £2.32m. The electrical division progressed from £3.85m to £4.6m and the pump side from £1.31m to £1.88m.

The Board says that exchange rate changes cut the profits of overseas companies by £300,000. There was a £500,000 loss from the restatement of the opening balance sheet at year-end exchange rates. This is shown separately in the profit and loss account.

There is also a £1.1m extraordinary item. This covers the goodwill write-off on acquisitions made during the year, modernisation and reorganisation of the Greenwich plants and closure of the propeller-making plant in Australia.

The company's cash position continues to be strong. Net current assets are the same at £56.7m and of total funds of 91.4m ordinary shareholders' equity account for £64.5m (£60.9m) and long and medium-term borrowings £22.5m (£24.4m).

A final dividend of 1.33p net per 25p share lifts the total from 3.61358p to 4.03516p. There was also an additional dividend of 0.02015p for 1977 following the cut in ACT.

Stated earnings per share before tax are down from 35.9p to 24.3p, and after tax from 21.3p to 16.9p. Assets per share are shown up from 150.9p to 159.6p.

The group markets and manufactures textile machinery, marine and mechanical engineering products, pumps and electrical equipment.

| | 1978 £000 | 1977 £000 |
|---|---|---|
| Sales | 192,778 | 176,013 |
| Trading profit | 12,504 | 17,614 |
| Interest | 2,995 | 2,829 |
| Profit before tax | 9,509 | 14,785 |
| Tax | 2,497 | 6,048 |
| Profit after tax | 7,012 | 8,737 |
| Minorities | 96 | 59 |
| Preference divs. | 113 | 113 |
| Ordinary divs. | 1,637 | 1,486 |
| Exchange loss | 490 | 2,946 |
| Extraord. loss | 1,129 | 3,117 |
| Retained | 3,657 | 1,036 |

### ● comment

Although its outstanding orders jumped by over a third last year, Stone-Platt is still hesitant about the prospects for the world's textile machinery industry. Some of the major yarn producers have started to replace old plant, and Scragg in particular now has orders stretching ahead for many months for its drawtexturing machines. A year ago, it was working very much on a hand to mouth basis.

But it remains a buyers market, and profit margins on the new orders are going to be tight. At least the signs in the market place are rather more hopeful than they were a few months ago, and the management problems which arose in the U.S. last year are being overcome. In addition, Stone-Platt's other businesses seem to be going well. The dividend has gone up by the maximum, leaving a yield of 5.4 per cent at 113p.

# Liverpool Post on £4m again

A SHARP fall into loss by its retailing subsidiary offset the 20 per cent advance in UK newspaper publishing profits for Liverpool Daily Post and Echo in 1978. As a result group taxable earnings were again at £4.02m, while turnover grew £7.69m to £54.4m.

In September, when reporting lower half-term surplus of £1.94m (£2.03m), the directors said that Ricafeg, the retail company, had not returned a profit and a reappraisal was in hand to identify causes of existing problems which had been masked by rapid growth of its operations in recent years.

The outcome of the investigation has been a £190,00 cut in its trading profits announced for 1977. After tax of £151,000, relating to earlier years, the net reduction was near the £0.25m adjustment estimate made at midyear.

Although Ricafeg is still trading at a loss, major management reorganisation has accompanied introduction of better planning and control systems which is expected to stabilise this company by the end of 1979, the directors say.

Despite heavy investment the commercial printing subsidiary, Liverpool Web Offset, for a third year showed "a disturbing level of losses" which, before tax, reached £276,355 (£223,369).

An increase in surplus from £1.82m to £2.2m was shown by UK newspapers although the daily newspapers were hit by the costs of both a serious industrial dispute and an expensive voluntary redundancy agreement.

Lower tax of £318,349, against £1.59m, following greater relief arising from higher capital investment, left earnings per 50p share 11.3p ahead at 33p. A net final dividend of 5.098p takes the total to 8.11p (7.332p).

The sterling contribution from the group's Canadian newspapers were affected by a further decline in the value of the Canadian dollar. Even so this activity in Canada and the U.S. produced a rise in surplus from £780,461 to £874,827.

| | 1978 £ | 1977 £ |
|---|---|---|
| Turnover | 54,404,309 | 46,718,499 |
| Trading profit | 3,778,398 | 3,803,985 |
| Other income | 230,030 | 212,057 |
| Share of assoc. | 7,272 | 7,480 |
| Pre-tax profit | 4,015,700 | 4,023,522 |
| Tax | 318,349 | 1,585,760 |
| Net profit | 3,697,351 | 2,437,762 |
| Extraord. debit | 1,067,420 | 207,572 |
| Attributable | 2,629,931 | 2,230,190 |
| Dividends | 923,048 | 827,512 |
| Retained | 1,706,883 | 1,402,678 |

# Morgan Edwards recovery at midway

Morgan Edwards, in which Mr. James Gulliver's new food concern controls a 29.5 per cent stake, reports a recovery from losses of £116,000 to a £5,000 profit in the 28 weeks to October 14, 1978.

At the same time, the group announces the acquisition of two West Midlands food groups—Paddys and Suma Cut Cost (Foods) and the sale of the North Wales-based subsidiary, John Edwards (Wholesale Grocers).

The group has already disposed of another two subsidiaries, Luther Lewis and Sons and the business of Siddall Bros.

Consideration for the acquisitions will be by the issue of 375,000 Morgan Edwards ordinary and £191,100 cash while the John Edwards sale will bring in a cash sum equal to the net assets of that company together with £95,000 in respect of goodwill.

The sale will produce an estimated net cash release of some £150,000, the directors say.

Group earnings per share for the 28 weeks are shown at 0.17p, against a 4.48p loss. No dividend is being declared—in 1977-78, dividends were passed following a loss of £492,000.

| | 28 weeks 1978 £000 | 1977 £000 |
|---|---|---|
| Turnover | 11,925 | 12,587 |
| Continuing | 8,085 | 7,549 |
| Discontinued | 3,840 | 5,038 |
| Continuing profit | 14 | *36 |
| Discontinued | 3,840 | 5,038 |
| Profit | 5 | *116 |
| Tax credit | — | 11 |
| Extraord. credit† | 73 | — |
| Net profit | 78 | *105 |

* Loss. † Comprises £14,000 profit on sale Siddall Bros.; £13,000 profit on sale of interest in associate; £46,000 profit on disposal of properties surplus to operating requirements.

The directors say the improvement in the trading position is continuing and further opportunities for development by internal growth and by acquisition are being actively pursued.

The liquidity position has also improved substantially. In addition to a cash subscription of £131,250 by Avonmiles, substantially the greater part of the assets held for disposal amounting to £569,000 and shown as current assets in the consolidated balance sheet at April 1, 1979, have been realised.

At October 14, 1978, cash had been received in respect of £242,000 of such assets and a further £268,000 has been received since that date.

Liquidity will also benefit by the sales of Luther Lewis and John Edwards which together are estimated to produce a total net cash release before expenses of £269,000.

## RKT involved in litigation over shares

Robert Kitchen Taylor, the knitwear manufacturer and textile merchant, is involved in litigation with two shareholders, yesterday's annual meeting heard.

Mr. E. G. Libby, chairman, said "the company and certain of its directors and shareholders are engaged in litigation begun on March 16 by a Mr. Henry Schuldenfrei and a Mr. Bernard Garbacz who recently became shareholders in the company and together hold 500 shares."

The company said the litigation concerns the ownership of 750,000 of its shares "formerly held by Mr. W. S. Hersham, the company's past chairman. Mr. Hersham sold them for the benefit of the company in February, 1977 to settle his liabilities to the company. Some were ultimately bought by directors and shareholders.

Mr. Libby referred to the note in the directors' report for the year to September 30, 1978. This said the company had been informed that Mr. Schuldenfrei and Mr. Garbacz have entered into a contract "with Mr. W. S. Hersham which takes the form of an option over 527,071 shares in the company owned by Mr. Hersham."

He added: "the board have not been informed of the terms of the contract."

Counsel have advised the board that the claims made by Mr. Schuldenfrei and Mr. Garbacz are misconceived, said Mr. Libby.

The proceeding do not include any claim for damages or similar relief against the company.

## ALLIANCE INV.

Alliance Investment Company has announced that a new one-year loan of Y250m has been arranged with Williams and Glyn's Bank. The loan of $1.1m and Y200m, which matured on March 20, 1979, were both repaid in full on that date.

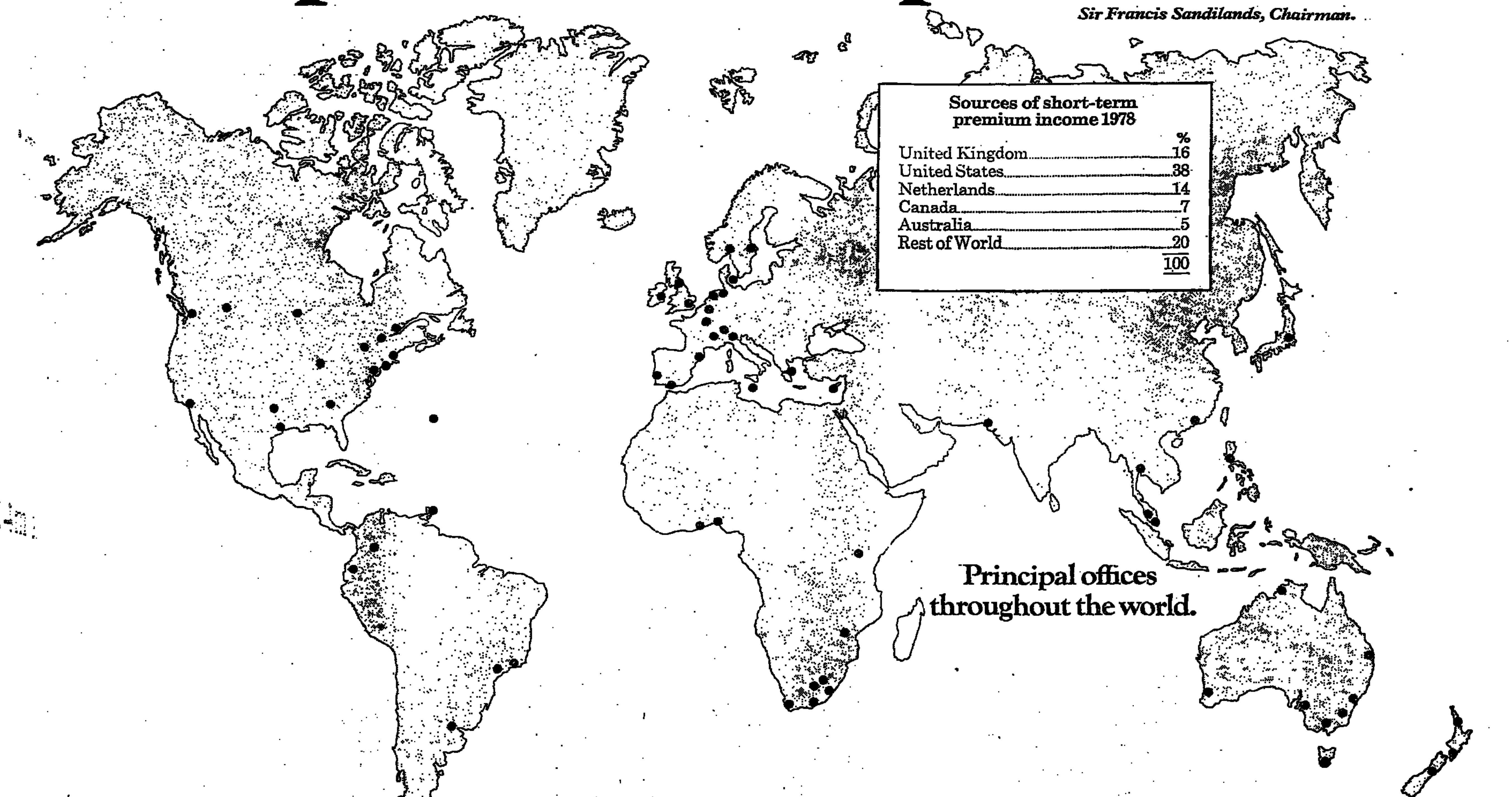
## DIVIDENDS ANNOUNCED

| | Current payment. | Date of payment | Corresponding div. | Total for year. | Total last year |
|---|---|---|---|---|---|
| C. H. Beazer ......int. | 1.9 | June 11 | 1.65 | —§ | 4.5 |
| C. T. Bowring | 2.35 | — | 2.04 | 3.36 | 2.98 |
| Capseals ......int. | 0.97p | May 24 | 0.88 | — | 1.93 |
| Cope Allman ......int. | 1.7 | June 29 | 1.54 | — | 3.5 |
| Garton Eng. | 3.37 | July 2 | 3 | 6.37 | 5.75 |
| Gibbons Dudley | 2.05 | May 17 | 1.84 | 2.82 | 2.53 |
| Hewitt and Son | 1.28 | — | 1.03 | 1.28 | 1.03 |
| Horizon Midlands | 4.02 | — | 2.26 | 5.64 | 3.17 |
| Jove Invest. ...2nd int | 1.95 | May 31 | 1.8 | 3.65 | 3.5 |
| Liverpool Daily Post | 5.1 | April 27 | 4.57 | 8.11 | 7.33 |
| Mills and Allen ...int. | 3 | May 15 | — | — | 5 |
| Paramba | 0.4 | May 17 | nil | 0.4 | nil |
| H. and J. Quick | 0.95 | May 18 | 0.85* | 1.83 | 1.65* |
| Readymix | 2.4 | May 3 | 1.71* | 3.42 | 2.54* |
| Saga Holidays ......int. | 2.5 | April 30 | — | — | 4.5 |
| Sharpe and Fisher | 1.42 | May 31 | 1.34* | 2.12 | 1.9* |
| Stone-Platt | 1.33 | — | 1.33 | 4.04 | 3.63‡ |
| Sunbeam Wolsey | 2.89 | May 18 | 1.88 | 3.85 | 2.74 |
| I. W. Thorpe ......int. | 0.73 | May 18 | 0.66 | — | 1.63 |
| Viscose Develop. | 2.88 | June 7 | 1.67 | 4.15 | 2.83 |
| Williams and James | 2.57 | May 11 | 1.46 | 3.67 | 2.45 |
| Winston Ests. | 0.92 | July 2 | 0.86 | 1.42 | 1.29 |
| Wolf Tools | 0.81 | — | 1.27* | 1.43 | 1.27* |
| Yorkshire Chems. | 2.44† | May 11 | 2.41 | 4.84 | 4.77 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.02015p for ACT cut. § Final of 3.3p forecast.

# "A year of further improvements in profits and capital base."

*Sir Francis Sandilands, Chairman.*




**The Board announces audited profits for 1978 of £142.2m before tax** *(1977 £99.8m).*

**Net profits (attributable to shareholders) amount to £87.8m** *(1977 £67.6m)* **representing earnings per share of 21.37p compared with 19.40p in 1977.**

**A final dividend of 5.673p per ordinary share is recommended to be paid on 17 May 1979, which gives a total for the year of 8.536p. This represents an increase of 10.54% over the previous year.**

***Extracts from the Chairman's Review and Directors' Report for 1978***

**Our objectives during 1978 were again to increase profitability, add to our capital base and reduce borrowings. The marked improvement in our trading results for the year and a stronger balance sheet confirm that these objectives have been met.**

Underwriting was restored to profitability in 1978 with a profit of £2.9m compared with a loss of £20.9m in 1977. There was an improvement in all our major territories except Australia although the Netherlands, like Australia, produced an underwriting loss. 1978 was an unusually bad year for extreme weather losses, particularly in the United Kingdom and the United States, and results reflect a net release of £2.4m from the extreme weather provision. Marine and aviation business written in the London market made an excellent profit of £5.1m (*1977 loss £1.9m*).

World-wide non-life premium income showed only a very small increase in sterling terms but after allowing for the effect of changes in rates of exchange, there was a growth in premium income of 5.5%.

Life profits were higher at £15.0m compared with £14.2m in 1977.

Investment income at £143.3m showed an increase of 12%. After allowing for the effects of changes in rates of exchange, the acquisition of Estates House Investment Trust Limited and the rights issue in 1977, the underlying increase was 10%.

Shareholders' funds at 31 December 1978 totalled £647m (*1977 £583m*) and were 59% (*1977 54%*) of non-life premiums.

The cost of total dividends for 1978 including preference dividends will amount to £35.1m, leaving £52.7m to be transferred to retained profits and reserves.

## TERRITORIES

### United Kingdom

The improvement in UK fire and accident underwriting in 1977 continued during 1978 and resulted in a profit of £3.8m compared with a loss of £1.7m in 1977.

Fire wastage throughout the country increased by over 18% compared with the previous year and arson remained a problem, but, in spite of this, there was severe competition for industrial fire business.

Accident business in total improved considerably, partly due to the effect of the lower rate of inflation on the cost of claims. The private motor account was marginally profitable following premium rate increases in June 1978 and the remainder of the accident account again produced a profit.

Life profits in the UK amounted to £5.7m (*1977 £5.6m*). A valuation of the Commercial Union Life Fund as at 31 December 1978 is being carried out and profits attributable to shareholders will be released equally in the years 1979, 1980 and 1981. It is expected that £2m will be released for each of the three years compared with £1.5m for each of the three years following the valuation at the end of 1975.

### United States

The underwriting profit increased to £7.7m in 1978 (*1977 £3.3m*). Investment income was also higher at £44.6m (*1977 £40.0m*).

The continuing general improvement in results throughout the US insurance industry was due to a healthier price structure established over the past two years and to the absence of major hurricane losses. The operating ratio on a statutory basis was 98.5% (*1977 98.2%*). Bearing in mind that severe storms adversely affected the statutory results, particularly in the early part of the year, and that weather losses generally, in spite of the absence of major hurricanes, were the highest for many years, we consider this to be a satisfactory result.

Subsequent to 31 December 1978, the sale of our Boston building to the Prudential Insurance Company of America for $77m was completed and the mortgage on the building of $43m has been discharged.

### Australia

Underwriting results deteriorated to show a loss of £1.7m following a profit of £0.4m in 1977. Investment income amounted to £7.9m compared with £7.8m in 1977.

Competition for business was most severe and at times irresponsible. This was aggravated by over-capacity in the market which led to price cutting and unstable market conditions.

### Canada

A small underwriting profit of £0.1m (*1977 £0.1m*) was again made and investment income totalled £8.2m compared with £8.5m in 1977. After allowing for the effect of changes in rates of exchange investment income increased by approximately 12%.

In Quebec motor third party bodily injury insurance was taken over by the provincial government and the loss of business was approximately £5m. Even so a 3% premium growth for the year was achieved in local currency.

### Netherlands

Our subsidiary Delta-Lloyd showed an improved underwriting result with a loss of *£11.4m compared with £15.6m in 1977.* Investment income rose to £19.6m *(1977 £16.8m).* Life profits increased to £8.0m *(1977 £7.0m).*

### Remainder

The following areas together produced an underwriting profit of £4.4m (*1977 loss £7.4m*):

| | 1978 £m | *1977 £m* |
|---|---|---|
| Western Europe (*excluding Netherlands*) | (3.3) | *(4.3)* |
| Other overseas | 1.0 | *2.0* |
| Republic of Ireland | (0.3) | *(0.9)* |
| London Marine | 5.1 | *(1.9)* |
| Reinsurance | 1.9 | *(2.3)* |
| | 4.4 | *(7.4)* |

## RESULTS IN BRIEF

| | 1978 £m | *1977 £m* |
|---|---|---|
| **Premium income** | **1,100.7** | *1,072.5* |
| Investment income | **143.3** | *127.7* |
| Life profits | **15.0** | *14.2* |
| Underwriting result | **2.9** | *(20.9)* |
| Loan interest | **(19.0)** | *(21.2)* |
| **Profit before tax** | **142.2** | *99.8* |
| Taxation and minorities | **(54.4)** | *(32.2)* |
| **Profit attributable to shareholders** | **87.8** | *67.6* |
| **Earnings per share** | **21.37p** | *19.40p* |
| **Dividend per share (net)** | **8.536p** | *7.722p* |
| **Shareholders' funds** | **£647m** | *£583m* |

On 8 February 1979 it was announced that agreement in principle had been reached between Gold Fields of South Africa Limited and Commercial Union in terms of which the Gold Fields Group in South Africa would acquire from the Company 30% of the equity capital of Commercial Union of South Africa Limited (CUSA). In addition on 8 March 1979 it was announced that the Company would offer for sale to the South African investing public 25% of CUSA's share capital and obtain a listing of CUSA's shares on the Johannesburg Stock Exchange.

## FINANCIAL

### Increase in Authorised Share Capital

Excluding the issued preference shares, the Company's present authorised capital is 433 million shares of 25p each, of which 21.96 million shares or 5% remains unissued.

The Board consider that this percentage is low and they propose at the Annual General Meeting to seek an increase in authorised share capital from £110m to £120m by the creation of an additional 40 million shares of 25p each, which would result in 61.96 million shares or 13.1% of the then authorised capital of 25p shares being unissued.

The increase is proposed solely to ensure that the Company has an adequate margin of share capital at its disposal. There is no present intention of issuing any shares and, in accordance with Stock Exchange regulations, the Board would seek the prior approval of shareholders in general meeting if any future issue of shares would effectively change the control of the Company or the nature of its business.

### Borrowings

During the year our non-life borrowings were reduced by £21.1m to £214.2m and the debt to equity ratio (borrowings expressed as a percentage of shareholders' funds) from 40.3% to 33.1%.

## CONCLUSION

The last three years have been a period of recovery and consolidation in which our pre-tax profits have trebled but there has been only a modest increase in our premium income. A deliberate restriction of growth was, in fact, a necessary element in our plan for recovery during its earlier stages, but the strengthening of our solvency margin made it possible for us to seek a rather greater rate of increase in our business in 1978. In this we were not as successful as we would have wished, due to the generally low level of economic activity in most countries and intense competition for better quality business. Prudent growth remains, however, one of our objectives for 1979.

CU Assurance

# Commercial Union

## Assurance Company Limited

*Head Office:* St. Helen's, 1 Undershaft, London EC3P 3DQ

Francis Sandilands

Chairman

هكذا من الأصل





# Cope Allman 45% ahead at £5.4m

A 45 per cent jump in taxable profits is reported by Cope Allman International for the half-year to December 31, 1978. The increase from £3.74m to £5.43m on sales ahead from £78.94m to £90.86m compared with the forecast figure of around £5.25m.

The group is predicting a record year with second half profits at least equal to those of the first. Last year the industrial holding company turned in £9.2m taxable profits, against the previous year's record £9.97m.

The directors say each division improved its turnover and operating profit. The biggest percentage profit improvement came from the packaging side which *lifted its operating surplus from* a depressed £343,000 to £1.06m.

The division's figures include four months profits from Sunbeam Plastics Corporation, the U.S. company bought in 1978, and these are in line with forecasts.

The leisure side contributed more than one third of the operating profit. The surplus rose from £1.82m to £2.48m, and the substantial growth trend in profits and turnover has continued. The group is taking steps to go into the newly-opened overseas markets for gaming and amusement machines.

The engineering operations—up from £1.15m to £1.39m—reflect the continued excellent export performance in special strip steel of J. B. and S. Lees.

| | Half year 1978 £000 | 1977 £000 |
|---|---|---|
| Sales | 90,860 | 78,942 |
| Operating profit | 6,713 | 4,650 |
| Interest | 1,244 | 979 |
| Associated losses | 38 | ‡65 |
| Profit before tax | 5,431 | 3,736 |
| Tax | 1,969 | 1,166 |
| Profit after tax | 3,462 | 2,570 |
| Minorities | 224 | 276 |
| Attributable | 3,238 | 2,294 |

‡Profits

The fashion division's recovery, from £756,000 to £972,000, has been limited by a shortage of outworker manufacturing capacity. But second-half profits will benefit substantially from the closure of the loss-making distribution company at the beginning of the year.

Tax for the half year takes £1.97m, against £1.17m, and after minorities of £224,000 (£276,000) attributable earnings are ahead from £2.29m to £3.24m. Stated earnings per 5p share are up from 5.82p to 8.19p.

The interim dividend is lifted from 1.54p net to 1.7p, and the directors say they intend to recommend the maximum permitted total for the year of 3.8522p (3.502p).

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**

Interims: Bridport-Gundry, Macallan-Glenlivet, A. and J. Mucklow, Newman-Tonks, Pifco.

Finals: English Property, Friedland Doggart, Robinson Brothers (Ryders Green).

**FUTURE DATES**

| | |
|---|---|
| *Interims—* | |
| Concentric | May 15 |
| Glaxo | Apr. 9 |
| Halstead (James) | Apr. 3 |
| M.T.D. (Mangula) | Apr. 4 |
| *Finals—* | |
| Bambers Stores | Mar. 28 |
| British Mohair Spinners | Mar. 29 |
| Carlton Industries | Mar. 28 |
| De Vere Hotels & Restaurants | Apr. 5 |
| Erith | Apr. 2 |
| F.C. Finance | Mar. 28 |
| Jamesons Chocolates | Mar. 29 |
| Morrison (Wm.) | Apr. 5 |
| Rotork | Mar. 28 |
| Royal Worcester | Mar. 28 |
| Schroders | Mar. 28 |
| Upton (E.) | Apr. 6 |
| Waverley Cameron | Mar. 26 |

### ● comment

Cope Allman's first half results are slightly better than the company's forecast at the time of the annual meeting last December, thanks mainly to a particularly strong recovery by the packaging division. The ozone scare knocked the bottom out of the market for aerosols, but demand has now recovered due to public acceptance of newly introduced propellants. The results also include a £0.12m contribution from Sunbeam, although its acquisition, and higher rates, has increased the interest charge. By the year end the £14.5m capital investment programme, which will be only partly financed out of cash flow, will further increase borrowings but gearing is not a problem. This rather punctures any thoughts of a dividend-boosting rights issue, so shareholders will have to content themselves with a prospective yield, at 78½p, of 7.5 per cent. On doubled first half earnings, the p/e is 4.7 taking a line through the interim tax change.

# Garton slips £0.1m and trims back on manning

WITH DEPRESSED trading in its traditional markets and imports continuing to make noticeable inroads in certain sectors, taxable profit of Garton Engineering slipped from a peak £1.05m to £949,000.

Turnover by the group which makes and distributes precision engineering components and fasteners, was up £0.65m at £11.83m, but operating surplus was down at £983,000 (£1.11m).

Faced with excess capacity in its standard bolt operations manning here is being cut back. The benefits of this will be reflected in 1979, say the directors, who add that the group's other units are developing satisfactorily.

Bad weather and the transport strike have both had a restricting effect in the early part of the current year but sales are marginally better compared with the same period of 1978.

"We would expect that the broad spread of our product range will enable us to respond to any general improvement in trading conditions," the directors say.

The capital investment programme is continuing

Tax for the year takes £500,000, against £483,000, leaving earnings per 10p share down from 16.1p to 13.6p. A net final dividend of 3.365p lifts the total to 6.365p (5.746p) which costs £228,138 (£184,791).

Profit was struck after interest on convertible loan stock of £34,000 (£55,000). There was an extraordinary debit this time of £5,000 (£52,000 credit) comprising £20,000 surplus on sale of quoted investments, offset by £20,000 redundancy costs and £5,000 loss

### ● comment

Garton Engineering has not fared any better in the second six months than it did during the first half. Following increases in 1976 and 1977 of around 27 per cent, profits before tax this time are a tenth lower while earnings have slumped by around 15 per cent. This is partly because last year's loan stock conversion has diluted the equity base and yet there is no escaping the bleak trading background of the last 18 months. Nor is the current period likely to show much improvement. Like others in the sector, Garton claims to be suffering from import penetration while more than 20 per cent of sales are dependent on the depressed automotive and general transport industries. With its wide range of products and customers, however, the company is mainly at the mercy of the general economic climate and until this picks up the future is likely to be unexciting. At 81p the shares are on a p/e of 5.6 while the twice-covered dividend yields an attractive 12.4 per cent.

# Midland Bank confident despite duller outlook

ALTHOUGH the outlook appears less promising than a year ago, Midland Bank has the resources and capacity to stay on course, says Lord Armstrong of Sanderstead, the chairman.

The upward trend in interest rates and the persistent demand for credit which supported it in 1978 is unlikely to be repeated this year. Also some problems of adjustment may arise in various parts of the economy as monetary restraint helps the struggle against inflation, he comments.

Members are to be asked to approve a profit sharing and share option schemes for the group's staff, and an increase in the share capital from £200m to £230m by creation of 30m £1 shares. The share option scheme is likely to involve the issuing of 16.25m new shares.

Taxable profit for 1978 was ahead to £231.4m (£196.8m) and the net dividend is raised to 16.44166p (14.75p)—as reported March 10. On a current cost basis profit is shown at £160.2m, against £126.7m, after downward adjustments of £52.2m (£52.3m) to maintain free capital, £11.9m (£8.7m) for depreciation and £7.1m (£9.1m) related to associated companies.

# BANK RETURN

| — | Wednesday March 21, 1979 | Increase (+) or Decrease (—) for week |
|---|---|---|
| **BANKING DEPARTMENT** | | |
| Liabilities | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 27,757,130 | — 448,958 |
| Special Deposits | 1,946,000 | — 852,985,000 |
| Bankers Deposits | 426,228,469 | + 16,674,470 |
| Reserves & other Accounts | 580,116,245 | — 143,082,196 |
| | 1,050,599,844 | — 379,881,654 |
| ASSETS | | |
| Government Securities | 154,180,590 | — 606,069,760 |
| Advances & Other Accounts | 583,349,293 | + 250,227,093 |
| Premises Equipment & Other Secs. | 297,855,093 | — 24,009,154 |
| Notes | 14,410,721 | + 978,345 |
| Coin | 194,147 | — 8,188 |
| | 1,050,599,844 | — 379,881,664 |
| **ISSUE DEPARTMENT** | | |
| LIABILITIES | £ | £ |
| Notes Issued | 8,975,000,000 | + 50,000,000 |
| In Circulation | 8,960,589,279 | + 49,021,655 |
| In Banking Department | 14,410,721 | + 978,345 |
| ASSETS | | |
| Government Debt | 110,015,100 | — |
| Other Government Securities | 7 884,284,787 | + 265,887,893 |
| Other Securities | 1.079,700,113 | — 215,887,893 |
| | 8,975,000,000 | + 50,000,000 |

# ...osts and stronger pound ...it Yorkshire Chemicals

...OUGH SALES were ...ined at £22.32m against ...n, taxable profits of ...ire Chemicals dropped ...1.35m to £1.11m for 1978, ...ng from *increases in costs*, ...lly those of energy and ...t disposal, together with ...ength of sterling.

...directors explain that the ...was unable to increase its ... prices sufficiently to ...these adverse factors.

...say results of the group, ...manufactures dyes and ...materials, continued to ... the conditions the ...s industry is facing on a ...ide basis.

...*half profits were down* ...1.15m to £0.98m, and the ...rs now report that, ...*larly in the second six* ..., the strength of sterling ... the U.S. dollar and ...n cruzeiro had a marked ...n profits.

| | 1978 | 1977 |
|---|---|---|
| | £000 | £000 |
| ...les | 22,320 | 22,475 |
| ... | 5,535 | 6,085 |
| ...as | 16,785 | 16,350 |
| ...rofit | 2,671 | 4,006 |
| ...ion | 1,290 | 1,278 |
| ... losses | 358 | 404 |
| ...rest | 916 | 1,040 |
| ...rofit | 1,107 | 1,348 |

...rospects, they say a major ...e in sales by weight in ...t few months is unlikely, ...d that improvements in ...prices and strict control ...s are essential if profits ...e maintained.

Sales in the first two months of 1979 were slightly ahead of the same period last year.

Stated 1978 earnings fell from 9.6p to 4.9p per share but the *dividend total is stepped up to* 4.8390683p (4.76684p) net per 25p share, with a 2.4438183p final.

### ● comment

As things stand **Yorkshire Chemicals** will be pressed to make very much more than £250,000 pre-tax in the current year against a 1974 peak of £3.24m. After £980,000 in the first six months, the deterioration of the dyestuffs *markets* has been such that second half profits reached no more than £117,000. The odds were clearly stacked against recovery in 1978. Yorkshire exports around 75 per cent of production and, like so many other companies, it has been caught in the classic squeeze of high domestic inflation and a strong currency. Added to which has been the depressant fashion trend towards lighter clothing colours which *require* appreciably *less* dye. ICI, whose profit from organic chemicals fell 62 per cent *last* year, will be pushing for price increases and Yorkshire can only hope to swim in the slipstream of any such margin recovery moves. The payroll may be cut once again but, after shedding labour in 1978 through the relatively painless natural wastage route, further redundancies would entail heavy costs. The barely covered dividend still yields 10.1 per cent at 74p which may offer some support. Similarly, Croda's 6.9 per cent stake may sustain the rating for a while but second half tonnage fell by 8 per cent against the first six months and, after a poor start to the current year, there is no sign of any volume improvement on the immediate horizon.

# Horizon jumps by £1.93m

As expected, **Horizon Midlands**, the air holiday operator, has produced record profits for the year ended November 30, 1978—the pre-tax figure is up from £1.02m to £2.95m on turnover substantially higher at £31.27m against £20.69m.

The final dividend is 4.01556p per 5p share making a total of 5.643p *as forecast at the time of* the rights issue last April—the previous total was 3.17283p.

Tax for the year is £1.56m against £0.55m giving earnings per share of 26.1p against 9.82p.

At midway, the group had recovered from losses of £348,452 to a £345,434 profit but directors said that the first half usually resulted in a loss or at best a small profit—the improvement was mainly due to higher passenger figures and record numbers travelling in April and May.

The directors now say that contracts have been signed for the purchase of two Boeing 737 medium-haul aircraft and for the leasing of a third Boeing 737 for delivery in early 1980.

### ● comment

**Horizon** has fulfilled the forecast made almost a year ago that results for 1978 would easily surpass the rather low £1m earned in 1977. Some 167,000 people went away on Horizon summer holidays compared with only 117,000 in 1977. The load factor, at 94 per cent, was also ahead of last year's 87 per cent. *Horizon, market leaders in the* Midlands, account for around 40 per cent of packaged holiday traffic out of Birmingham Airport, over 50 per cent of East Midlands holidaymakers, about 10 per cent of Manchester and a small percentage of Luton traffic. But it does not have a presence at Gatwick. In the first half of 1978 it carried some 73,000 people and in the latest first-half period the total looks like being around 96,000. But the big news is the decision to buy two aircraft and lease a third. The necessary deposit on two has already been paid and delivery of all is expected in February and March next year. The acquisition will mean significant changes in the group's balance sheet and cashflow patterns but will enable it to keep a greater percentage of the total holiday price paid by holidaymakers. The shares jumped 6p to 188p yesterday to give a p/e of 7 and a yield of 4.6 per cent.

# House of Lerose up to £1.21m

PRE-TAX PROFITS *of* **House of Lerose**, ladies' knitted outwear group, increased from £1.01m to £1.21m in 1978, on higher external sales of £16.23m compared with £14.35m.

Profits were struck after *foreign exchange credit of* £127,461 (£51,836 debit) and an exceptional debit of £205,000 (nil).

*At the halfway stage, pre-tax* profits were down from £605,040 to £564,071.

Stated yearly earnings per 25p share are given as 11.53p (7.74p) including foreign exchange adjustments and 9.32p (8.72p) excluding the same. As forecast *the net final dividend is lifted* from 2.1209p to 2.5483p, making 4.3783p (3.9208p).

Tax for the year takes £549,000 (£572,901).

# H. & J. Quick passes £1m

PRE-TAX PROFITS of **H. and J. Quick Group**, passenger and commercial vehicle dealer, rose from £959,000 to a record £1.03m in 1978, on higher turnover of £55.12m against £44.37m.

At the halfway stage, profits were up from £450,000 to £669,088.

After tax of £553,000 (£526,000), stated yearly earnings are higher at 8.25p compared with 8.04p. The total dividend is effectively raised from *1.65p to 1.828p net, with a final* of 0.948p.

Pre-tax profits were struck after interest of £400,000 (£417,000).

# Commercial Union share capital increase to £120m

**The Commercial Union Assurance Company** is proposing to increase its authorised equity share capital from £110m to £120m by the creation of an additional 40m shares, of 25p each.

Sir Francis Sandiland in his chairman's statement for 1978, points out that at present out of the authorised share capital of 433m shares only 21.96, 5 per cent, remain unissued. This the directors regard as a low percentage and the proposed increase in capital will raise this level to 13.1 per cent. Sir Francis is insistent that the proposed increase is solely to ensure that CU has an adequate margin of share capital at its disposal.

The report and accounts for 1978 show that during the year a small reduction in equities was made in the UK and a more substantial one in the U.S. in order to provide the group with the correct exposure in each territory. The policy has to reconcile the wish to maximise returns with the need to protect shareholders' funds from major erosion should equity prices fall. Consequently last year most of the new money was invested in fixed-interest securities and equities now represent 50.3 per cent of shareholders' funds. This mix should provide a stable asset base for the group's insurance operations.

### PUTPAGS GROWTH

At the AGM of the **Property Unit Trust for Public and General Superannuation Schemes** Mr Cecil Baker, chairman, said the past year had seen considerable growth in rental income levels but he thought it "unlikely that growth at the same rate would continue in the current year, particularly in the retail sector."

"An improvement in both the level of distribution and in the unit price was anticipated in the current year."

# Increase for Saga Holidays

STRUCK THIS time after exceptional losses of £133,000 incurred on the charter of the cruise ship TSS Atlas, **Saga Holidays**, tour and hotel operator, expanded pre-tax profits from £792,000 to £974,000 for the six months to December 31, 1978. Turnover was higher at £11.54m against £8.82m.

The directors say the loss arose on the first two cruises offered on the Atlas, which was chartered by the company for 11 cruises between December 10, 1978, and April 6, 1979, as part of its cruising programme.

Losses, which resulted from insufficient demand for the berths available during the charter period, will total not more than £447,000, they state. *The balance of up to £314,000 will* be reflected in the second-half results.

The second half has commenced with difficult trading conditions due to bad weather and strikes. However, despite these items and the exceptional losses, trading for the full year is expected to be satisfactory.

For the 1977-78 full year, pre-tax profits of the group, which *was made public in March, 1978,* reached £1.91m.

Half-yearly operating profits rose from £350,000 to £483,000, before interest receivable on deposits of £624,000 (£442,000).

Tax took £506,000 (£432,000) leaving net profits up from £360,000 to £468,000. Stated earnings per 20p share were 1.8p higher at 7.8p and the interim dividend is 2.5p net, costing £100,000 after waivers of £50,000—the previous year's single payment was 4.5p.

# Sunbeam Wolsey tops £1m

TAXABLE PROFITS of **Sunbeam Wolsey**, hosiery and knitwear manufacturer, increased from £915,293 to £1.45m in 1978 after an employment maintenance subsidy for last year of £284,342. Turnover rose from £20.93m to £23.05m.

At halfway profits were up from £363,000 to £415,000 and the directors said indications were that the second half would show a similar trend.

Stated yearly earnings per 25p share are given as 14.39p, against 8.52p, and the total net dividend is lifted from 2.7375p to 3.85p, with a final of 2.8875p. Tax takes £185,661 (£143,941).

# ...-R pushes ahead with ...pansion of car side

...DITURE FINANCED by ...oyce **Motors Holdings** ... a new high in 1978. Part ...expenditure was the pur... ...f a London site, adjacent ...ing factories, to enable ...expansion and modernisa... facilities for coachbuilt ...ars.

...Ian Fraser, chairman, ... that in recent months ...al relations in London ...proved and the board has ...couraged to begin this ...on, which has been ... by interest relief grants ...e Department of Industry. ...ecember 31, 1978 capital ...nents contracted for but ...vided for in the accounts ... £8.47m (£5.75m), and ...ed but not yet contracted ...97m (£18m).

...atement of source and ...ion of funds shows an ... in working capital of ... (£6.94m) and a decrease ...uid funds of £8.06m ...).

...ported on March 13, pre... ...its in 1978 improved from ...o £14.63m. On a current ...asis this is shown at ... (£7.99m), after adjust... ...r additional depreciation ... (£0.78m), cost of sales ... (£3.99m), monetary work... ...tal £0.55m (£0.63m), gear... ...6m (£1.13m) and interest ... thereto 1.91m (£1.77m).

...GM of the company will ... at the Churchill Hotel, ... on April 19 at noon.

...Burne Phillips, commented that "no satisfactory explanation for these discrepancies has been found."

The auditors were also unable to satisfy themselves as to the validity of £26,000 of expenses in the accounts of another subsidiary.

# F. W. Thorpe £0.38m midway

Pre-tax profits of £377,954 in the half-year to December 31, 1978, compared with £270,455 last time, are reported by **F. W. Thorpe**, manufacturer of Thorlux lighting equipment.

But the directors warn that the road haulage strike and other national industrial disputes are bound to affect sales during the second half—midway turnover was up from £1.81m to £2.09m.

As a result of this and more competitive markets in the UK and overseas, the directors believe full-year profits will not show the same percentage increase as last year.

The net interim dividend is stepped up from 0.66p to 0.725p—last year's total payment was 1.63p on taxable profits of £676,153.

# ...ceiver in ...JCEG

... troubled construction ...nt group **JCEG** has ... to call in the receiver. ...decision has been taken ...sult of continuing losses ... construction equipment ...turing subsidiaries based ...kport. This has been ... about by a general ... of demand for the com... ...roducts, which has been ...ted by the severe ... conditions.

...group added that "con... difficulties have been ...ced in the Scottish sub... ..., and the overall posi... ...s been aggravated by ... problems in certain ... markets."

...*while the group reports* ...rinity Plant Hire, its ...l plant hire subsidiary, ...ntinuing to operate ...ly.

...nouncement follows just ...*month after a boardroom* ... "to strengthen the ... on the financial and ...ing front."

... incurred a pre-tax loss ...000 in the year to March ..., and the auditors found ...ncies of £75,000 in a ... subsidiary. The auditors,

# C. H. Beazer well ahead

For the half-year ended December 31, 1978, profits before tax of **C. H. Beazer (Holdings)** show the expected improvement with an increase from £369,000 to £521,000 on turnover of *£8.27m against £6.84m.*

The interim dividend is lifted from 1.65p to 1.9p and a final of 3.3p is forecast to make 5.2p for the year against 4.5p previously. The majority of the entitlement to the interim dividend has been waived on 2.14m shares.

Tax for the period takes £52,000 (£192,000).

Trading results to date are very satisfactory and the direc*tors believe profits will fully* justify the forecast dividend.

The group trades as a commercial, industrial and residential developer and contractor.

### CEMENT-ROADSTONE

Owing the current disruptions in *postal* services in the Irish Republic, **Cement - Roadstone Holdings** is postponing its AGM *from April 24.*

The directors have approved a *second interim of 2.33p per share* for payment on April 25, replacing the proposed final dividend previously announced.

The date of the annual meeting will be announced as soon as postal services return to normal.

Companies and Markets

# BIDS AND DEALS

## Stenhouse in Canadian merger plan

BY JOHN MOORE

Stenhouse Holdings, insurance brokers, revealed yesterday that its Canadian interests are planning a merger with the Pinehurst Corporation of the U.S.

In a move designed to accelerate the rate of its expansion in the U.S. Stenhouse said that the deal is to be accomplished through the Reed Stenhouse Companies of Canada, in which it holds a 53.99 per cent equity stake.

If the merger plans go through, the deal will be accomplished through the issue of Pinehurst common stock to Reed Stenhouse.

Stenhouse emphasised last night that although the two groups have been talking since last December "conversations are in the preliminary stage and although negotiations are continuing it is too early to assess the likely result."

Pinehurst Corporation, a publicly quoted insurance broker, recently reported 1978 revenues of approximately $40.5m, with $15.5m derived from insurance broking services and $25m from its reinsurance underwriting operations.

Reed Stenhouse Inc., the U.S. subsidiary of Reed Stenhouse, generated insurance broking revenues for the year ended September 30, 1978 of about $21m.

Pinehurst's wholly-owned subsidiary, Emmett and Chandler has used Minet Holdings, another major UK insurance broker, for the placement of some of its London business. Whether this relationship would be affected by the latest move was not clear last night.

The latest move follows a host of upheavals on the trans-atlantic insurance broking scene.

### STAKE IN E. & A. RAISED TO 25%

A purchase of 500,000 shares, amounting to 25 per cent of Estates and Agency Holdings, has lifted the interest of Mr. J. Rosefield, a director, and associates in the tea estate operating company to 28.09 per cent.

Of the total, 305,000 shares were bought from Mr. D. Berchanpour and Mr. F. Shasha, or their associates, and 195,000 from Mr. M. Elghanayan, on March 15.

Both Mr. Berchanpour and Mr. Shasha have resigned as directors.

The company's listing was suspended on March 19. The Board hopes to make announcement in the next few days.

Last June Angloped, a company owned by Mr. Berchanpour and Mr. Shasha, had acquired a 17 per cent stake.

### ARBUTHNOT LATHAM SELLS HOLDING IN BARROW HEPBURN

Arbuthnot Latham Holdings has sold its entire holding of 2,525,000 ordinary 25p shares of Barrow Hepburn Group for a total cash consideration of £959,500.

In addition it will receive any dividend in respect of the shares paid by Barrow Hepburn for the year ended December 31, 1978.

The holding has been acquired by Hambros Bank on behalf of a client.

### MARSHALL'S UNIVERSAL

As part of its planned expansion of Peugeot car sales, Marshall's Universal has agreed to acquire the business previously operated by Halls (Finchley).

Halls is to be acquired for cash—freehold and leasehold land and buildings amounting to £445,000 and other fixed assets to approximately £20,000. Current assets are being taken over at cost.

### BIT/ALLIED CITY SHARE MERGER

Birmingham Industrial Trust and Allied City Share Trust are to be merged. Under a scheme of arrangement BIT will offer one of its shares for each share of Allied.

When the scheme has become effective, there will be a general meeting of ordinary holders of the new holding company, BIT, to obtain members' approval of the proposed acquisition by BIT of the manufacturing subsidiaries.

### PROVINCIAL LAUNDRIES

Provincial Laundries has purchased Bridgeward, industrial garments maker, from B. S. Brown and Son. The price is to be equal to about half the net asset value of Bridgeward as at the end of 1979, in excess of the £30,561 value at January 31 last.

In addition, Provincial has acquired from Brown its interest in Bridgeward's £20,000 debenture stock 1983 and £19,827 unsecured loan stock 1983 for £39,827.

Taxable profit of Bridgeward for 10 months to January 31, 1979, was £18 on sales of £240,908. Its net assets then, after adding back the debenutre and loan stock, amounted to £70,388.

### BRITISH LAND SELLS CHURCHBURY ESTATES STAKE

British Land has just completed another of its swift share deals involving other property companies. Yesterday it announced that it had sold to London Trust the 20.03 per cent stake in Churchbury Estates which it picked up last year.

As in the other recent deals by British Land the stake was bought for shares but sold for cash—£1.2m to be precise.

Last week British Land sold its 29 per cent stake in City Offices to Legal and General Assurance. The stake was sold for £6.6m: British Land had acquired it in October by way ofa share swop with British and Commonwealth Shipping.

Bricomin sold for an 8.67 per cent stake in British Land, then worth £4.6m. Yesterday it announced that it had bought a further 230,371 shares in BL, taking its stake up to 8.96 per cent—one way of sharing in BL's profit on the City Offices stake.

### LEVEX COMPLETES MWH PURCHASE

Levex, the fabric printer, has completed the purchase of 149,800 deferred £1 shares and 149,800 ordinary 1p shares—the whole of the share capital—of Max Williams Holdings for £350,791 cash.

MWH is the holding company of a group of three property investment companies. Pre-tax profits of MWH for the year to October 31, 1978, were £41,198, and Levex has been advised that the net underlying assets of MWH have a value not less than the purchase price.

### ENGLISH PROPERTY

A further 50,000 shares in English Property Corporation have been bought at 59p on behalf of a company controlled by members of the Reichmann family, which also controls Olympia and York Developments.

These purchases increase the holdings of that beneficial purchaser to 24,075,029 ordinary shares, 53,000 preference, and £577,000 of 6¼ per cent convertible unsecured loan stock 1998-2003.

### CITY OFFICES' NEW LEASE ON ST. CLEMENTS HOUSE

City Offices, in which Legal and General has just acquired a 29 per cent stake, has restructured its interest in St. Clement's House, EC. The effect has been to increase its value to the company from £3.5m to £10m.

The deal is worth 24p a share gross or 18p after stripping out costs and on the announcement City Office's shares rose 4p to 90p.

St. Clement's House was leased to Standard Chartered Bank on less than satisfactory terms for City Offices which had to provide the greater part of the services.

Now City has agreed to pay the bank £1.76m in return for a new lease based on normal full repairing and insuring terms whereby the bank will be responsible for maintenance and services.

City says that it is not possible to quantify the net profit which will accrue as a result of the deal but, apart from getting rid of th eservices burden the net rental income will also increase—by £91,840 this year and a further £144,250 next.

### NEWSPAPER ACQUISITION

St. Regis International, owner of the Bolton Evenings News, has agreed terms under which Teesside Times (publisher of the South Durham Times and Teesside Times) is to be purchased.

The group circulation of the two publications in the Durham and Cleveland areas is 230,000 copies weekly. The directors of Teesside state that no redundancies should result from the purchase.

### ARMSTRONG

Armstrong Equipment and Howard Tenens Services are holding discussions which may result in the purchase by Armstrong of the wholly-owned subsidiary of Howard Tenens, Howard Tenens Engineering (Willenhall).

## Swiss group buys stake in MFI

Honesta Treuhand, a company registered in Switzerland, has bought 1.33m ordinary 10p shares in MFI Furniture Centres, representing 6.06 per cent of the issued capital.

The vendor was Philip Lait and Co. of the UK in which Honesta Trouband AG formerly held directly and indirectly 90 per cent of the capital. The shares remain registered in the name of Walsa (Nominees).

### BRITTAINS SELLS SUBSIDIARY TO OSTHOW

Brittains, fine papermaker, etc., has sold Kenmac, its civil engineering subsidiary, for £50,000 cash to Osthow.

Osthow is owned by Mr. Kevin Murphy, managing director of Kenmac, and certain others who have been associated with Kenmac for some years. In 1978, Kenmac made a trading loss of £165,000 and net assets were £165,000.

It has also released Brittains Tunnelling from its obligations under two tunnelling contracts, completion of which would have resulted in significant losses for Brittains Tunnelling. It is a term of this arrangement that a total of £214,000 will be paid by Kenmac to Brittains Tunnelling on deferred terms, the last payment to be made in November 1979.

Mr. Murphy has stated that on the basis of Kenmac's current workload, he is confident about its prospects.

At a Board meeting of Brittains yesterday it was decided to pay no dividend for the six months to end-1978 on the 4.2 per cent cumulative first preference shares in view of the group's trading and financial position.

In January, a receiver was called into Brittains Paper, a wholly-owned subsidiary, and the group's listing was suspended at its own request.

### G. D. SEARLE

The pharmaceutical and consumer products group of G. D. Searle has purchased Aldon Laboratories, a Spanish pharmaceutical company, for an undisclosed cash consideration. This is expected to facilitate Searle's entry into the Spanish antibiotic market.

### SHARE STAKES

London Investment Trust — O. R. Jessel has sold 125,000 shares.

London Scottish Finance Corporation — Goseford Financial Management acquired 30,000 shares on March 15, making holding 1,563,000 shares.

South Crofty—Saint Piran holds 10,400,000 shares.

# UK COMPANY NEWS

## Sharpe and Fisher surges 34% to pass £1.2m

AN INCREASE of 34 per cent in taxable profit from £907,216 to a record £1.22m in 1978 is reported by Sharpe and Fisher, builders merchant. Turnover was ahead to £18.16m, against £15.29m.

At midway, when profits were up from £315,047 to £434,581, the directors anticipated a record year.

They now say the builders' merchants operation improved profits during the year, and the trend has continued in 1979. Progress has been maintained at the Sandfords DIY stores — four are now trading and a fifth will open in June.

Stated yearly earnings per 25p share are 8.6p (6.5p), and the total dividend is effectively 2.1175p, with a final of 1.4175p. Application is being made to the Treasury to establish whether more can be paid. A two-for-three scrip issue is proposed, with an increase in authorised capital to £6m.

The tax charge of £337,905 (£263,394) has been provided for in accordance with SSAP 15 on an actual payment basis, and comparison adjusted.

Full provision has been made for freehold properties' depreciation. The property revaluation is showing a £1.75m surplus.

## Imps off to better start

Imperial Group's performance in the opening months of 1979 is better than that of 1978, Sir John Pile, chairman and chief executive, told shareholders at yesterday's annual general meeting.

"This does not, however, lead me to expect that the outcome for the year will necessarily show a major uplift over last year," he said. "We are working for an improvement of course, but our sales, representing as they do 4 per cent of consumer purchases in the UK, are greatly dependent on a buoyant economy."

## Improvement for IDV

Profits before tax of International Distillers and Vintners, a subsidiary of Grand Metropolitan, improved from £17.31m to £17.84m for the year ended September 30, 1978, with £7.94m against £7.65m coming in the first half. Full year sales rose by £43m to £389m.

Attributable profits increased from £4.93m to £6.44m, after tax and group relief of £3.51m (£6.56m), minorities, and £7.57m (£5.51m) extraordinary debits, mainly exchange losses.

The dividend absorbs £11,000, against £1.51m last time, leaving retained surplus up £3m to £6.42m.

## Hugh Mackay profits up

FROM increased turnover of £8.87m against £7.54m, Hugh Mackay and Co., maker of "Durham" carpets, lifted pre-tax profits from £312,627 to £550,083 in 1978.

First half profits had risen £21,000 to £118,000. The directors say the improvement in the second half came from the collective effect of several factors. These included the obtaining of more realistic prices, the mix of qualities sold and the apparent increase in spending power devoted to carpets in the UK.

Tax takes £271,000 (£151,000) giving earnings per share for the year of 7.66p against 2.27p. The final dividend is 2.22p raising the total from 3.25p to 3.62p.

There is also an extraordinary credit this time of £112,190 being a provision for payments for group relief to a former subsidiary — Durcam — not now required.

## Aquis Securities

Mr. H. C. Quitman, chairman of Aquis Securities, says in his annual statement that the board, supported by its professional advisers, has looked at the value of company's property investment portfolio and other assets at the year end, and is of the opinion that in the open market they have increased by at least £4m over book value.

It is not proposed to adopt the higher figure at this juncture, but it represents a net asset backing of 34p per share.

Gross income from property investment has continued to increase steadily, mainly as a result of rent reviews, and will follow a similar pattern during 1979.

The group is fortunate in having no vacant space apart from the small office building 344/348 High Road, Ilford, which is however now currently under offer. A full planning consent has been obtained for the refurbishment of Atlas House, Cheapside, London, which becomes vacant in September 1981.

Referring to the Lex Building in the Rue de la Loi, Brussels, the chairman states that although the building is two-thirds occupied it is inevitable that an income deficit will arise until such time as the vacant space has been let. He is hopeful that the worst is over and that in the foreseeable future this property will once again return to profitability.

As already reported, group pre-tax profit for 1978 rose from £418,719 to £518,758.

Meeting, Clarendon Court Hotel, W., on April 24, at noon.

## Investment sale boosts Winston Ests.

Boosted this time by a £131,960 extraordinary profit from the sale of an investment, pre-tax surplus of Winston Estates, the property group in which Eagle Star has a 19 per cent interest, was well ahead from £232,094 to £403,861 for 1978.

The extraordinary item relates to the company's sale last October of its 49 per cent stake in the Exeter Mercury Motor Inn to Ladbroke Group.

At midway, profits had advanced from £97,865 to £150,464, which included a £44,373 (nil) surplus on the sale of rental property.

Group turnover for 1978, less sale of rental property, improved from £340,687 to £392,938, while net profits were higher at £255,351 against £115,264, after tax of £153,510 (£116,830).

Stated net earnings per 25p share were 1.86p (1.69p) based on revenue profit only, and were more than doubled at 4.6p (2.09p) based on total profit from all sources.

A final dividend of 0.92125p raises the total payment from 1.38638p to 1.42375p net, absorbing £79,018 (£70,894).

A professional revaluation of the group's properties is being put in hand.

## Readymix advances

Taxable profits of Readymix, the Dublin-based subsidiary of Ready Mixed Concrete, were lifted from £954,000 to £1.44m in the year to December 31, 1978.

At midway the company had advanced from £478,719 to £641,179.

The final dividend is raised from an equivalent 1.708p to 2.397p net per 10p share, making a total of 3.422p for the year, compared with equal to 2.55p. A further one-for-three scrip is being recommended.

## East Rand Proprietary Mines Limited

*(Incorporated in the Republic of South Africa)*

**A Member of the Barlow Rand Group**

*The following is from the statement by the Chairman, Mr. D. T. Watt*

The year ended 31st December 1978 has proved to be a more successful year for your company than 1977. This success is due exclusively to the improved gold price received throughout the year. On 31st October 1978, the *gold price was fixed on the London Market at a peak of* U.S. $243.65 per ounce equivalent to R6 803 per kilogram. The average gold price received by your company during 1978 was U.S. $197.00 per ounce which increased revenue to the extent that dividend payments could be resumed after a break of 2½ years

**Production and Financial Results**

There was a significant improvement in the availability of Black labour during the year which made it possible for the mine to open a number of additional stopes for mining which increased the quantity of ore milled by 290 000 tons. Unfortunately due to the lack of high grade ore reserves the ore from these new stopes was of somewhat lower than average mine grade. This reduced the average grade of ore mined and further dilution arose when negotiating certain major geological displacements. This resulted in the average grade of the ore milled being reduced by 0.663 grams per ton. Fortunately, the increase in the tonnage milled was more than sufficient to offset the decrease in the grade of the ore and 10 510 kilograms of gold were produced. This represents an increase of 5 per cent on the amount of gold produced in 1977.

The increase in gold production combined with the substantial increase in the gold price resulted in an annual working revenue of R58.0 million which represents an increase of R16.9 million on the revenue for the previous year. Included in the working revenue is a non-recurring residual payment of R1.4 million received by your company in terms of the introduction during the year of the new payment procedures for gold producers.

**Working Costs**

Cost increases continue to be a cause for concern particularly in the case of high cost marginal producers such as your company's mine. Unfortunately, due to the size of the mine and the great depth at which much of the stoping takes place the mine is very sensitive to any cost increases. During the year under review, working expenditure increased by R14.4 million. A portion of the increase is however, due to the additional tonnage milled. Reviewing the increase in working expenditure in unit cost terms, the cost per ton milled in 1978 shows an increase of 9% on the corresponding figure for 1977. In comparison with the increase of 14% sustained by the industry as a whole, it is commendable that the increase in unit costs was so well contained by your company. In *July 1978, the Government introduced* a general sales tax of 4%. The majority of items purchased by mines fall within this category, and the introduction of this additional tax burden undoubtedly had a detrimental effect on the financial results of the mine.

Fortunately the increase in working revenue exceeded the increase in working expenditure and the company is therefore able to report a working loss of R7.4 million in comparison with R9.9 million in 1977. State Assistance claimed increased by 17 per cent to R12.0 million. Net other income totalled R340 000 resulting in profit before taxation of R4.9 million compared with R632 000 in the previous year. The retained surplus at 31st December 1978 *amounted to R6.8 million as compared with the figure of* R4.3 million at the end of the previous year.

**State Loan**

At the beginning of the year the State advanced the company R1.35 million in respect of the unpaid balance due from 1977 in terms of the loan agreement to cover residual losses after State Aid. Fortunately, due to the increased gold price during 1978, it was not necessary to draw on the R3.0 million facility made available to the company by the State. This facility expired at the end of 1978. However, should temporary adverse circumstances arise during 1979 which give rise to residual losses after the receipt of normal State Aid, the authorities will be prepared to consider re-instating the special State Loan facility.

The programme to phase out the mine's 25 Hz (Hertz) electrical power station was continued during the year. This power station was built in 1907 and after many years of service it has recently proved costly and difficult to *maintain. An investigation revealed that it would* be economically advisable to reticulate the entire mine from the 50 Hz national electricity supply grid. It was therefore decided to make the change and this has resulted in a large amount of electrical equipment being replaced. The power station was finally closed at the end of January 1979 and the benefits of changing to the national grid will begin to be realised during the current year.

**Capital Expenditure**

In view of the company's adverse financial position which prevailed during the previous few years, capital expenditure was severely curtailed for some time. However, *in view of the increase in gold price during 1978,* and the belief that the average price for the year to date was likely to be maintained, the long term future of the mine was re-assessed. The development of additional ore reserves is now a vital necessity if the company is to ensure that the mine's milling rate is not to be prejudiced, due to lack of ore, in future years. A decision was therefore taken to recommence the development of the Far East Vertical section of the mine. Development of the haulage way to connect the Far East Vertical shaft with the main workings of the mine was recommenced during September 1978. It is anticipated that the flow of ore will commence from that area of the mine in 1981.

To increase the tonnage milled, in the short term, the mine is at present re-equipping the Angelo main shaft. It is anticipated that mining will commence in this area during April 1979. The ground to be mined is at a comparatively shallow depth and therefore the associated working cost per ton milled should be lower than the average for the mine, thus *permitting lower than average grade ore to* be profitably exploited.

The increased rate of development will be maintained during 1979. In addition, the company is very conscious of the need to improve the living and leisure facilities for its unskilled employees and certain improvements must therefore be made to the hostels and married quarters on the mine. Taking all requirements into account it is expected that capital expenditure during 1979 will be of the order of R5.9 million.

**Industrial Relations**

The company accepts that its employees represent the key to its future success. We are committed to making the best use of all employees regardless of race, and to provide training facilities, particularly for the less skilled workers, to enable them to develop their various latent abilities. We accept the responsibility for improving the quality of life on the mine for our Black employees and we will make as much progress in achieving this goal as business conditions permit. A start has already been made in this connection and it is gratifying to note the response of our employees to the improvements made with the limited financial resources available. There are also clear indications of an increase in the number of workers returning to the mine for re-employment after periods at their homes.

*It is with pleasure that I advise members that the mine* won the Millionaire's Shield in March 1978. This award is in recognition of the mine achieving one million fatality-free shifts. The mine also won the "Falls of Ground Safety Ladder" for Class III during September 1978. This latter award is presented by the Chamber of Mines in recognition of the quarterly reduction in reportable accidents due to falls of ground in competition with other mines in its class.

**Outlook**

In considering the future prospects of the mine, I feel that one can take a slightly more optimistic view than was possible last year. It is vital to note that this optimism, slight as it may be, is exclusively due to the improvement in the gold price, the possibility of such improved prices being maintained in the short term at least and the hope that costs can be kept under reasonable control. With the present turmoil in the international currency exchange *markets, it is virtually impossible to forecast future gold* prices. It is nevertheless anticipated that the price will continue in an upward trend, although perhaps of a more moderate nature than recently experienced, but fluctuations about this rising trend must be expected. However, because your company's mine has such a high unit cost, together *with a low grade, its margin is acutely sensitive to* both the gold price and cost inflation.

Thus further improvement in the receipts for gold sales in Rand terms is required, together with a retardation in the rate of escalation of mining costs, before the company can look forward to the future with confidence. Unless the required improvement in these two parameters eventuates in the near future. I do not expect that the company will be able to make any significant dividend distribution in 1979. It is also evident that the mine is still dependent, and will remain so for some time, on the State Assistance Act. Any attenuation of the benefits flowing to the company in terms of this Act could seriously curtail the future operating life of the mine.

*The 83rd annual general meeting of East Rand Proprietary Mines Ltd. will be held in Johannesburg on 19th April, 1979. Copies of this statement and the annual financial statements are obtainable from the office of the secretaries in the United Kingdom at 40 Holborn Viaduct, London EC1P 1AJ, or from the U.K. transfer secretaries, Charter Consolidated Ltd., P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.*

# IMPERIAL GROUP

***Extracts from the address by Sir John Pile, Chairman, at the Annual General Meeting on 22nd March 1979.***

## ading

ie year to October 1978 presented us with problems, some of iich were foreseen but not all. As you can find from the eview of Trading in the Annual Report, the Tobacco Division led to recover completely from the depressed profits ociated with the King Size cigarette price war, but the ortfall was more than off-set by a reduction in interest charges ributable to the change in the Duty structure.

Our Paper and Board companies – particularly the latter ere adversely affected by cheap imports. This Division also ntains Plascoat International and our half share in Mardon ckaging International, both of which did well so that the vision as a whole had a result not far short of that of 1977.

The Food Division suffered from weak markets in many ds. The price of eggs fell well below the cost of production l aggressive price cutting in the high street led to a narrowing nargins in a wide range of our products. Despite all the iculties the Division's results in the second half year were very od, although not good enough to offset the disappointing first months. At the end of the year we acquired J.B. Eastwood l. and together we believe we can develop a stronger base in poultry and egg business in the U.K. and promote increased oorts, particularly of breeding stock.

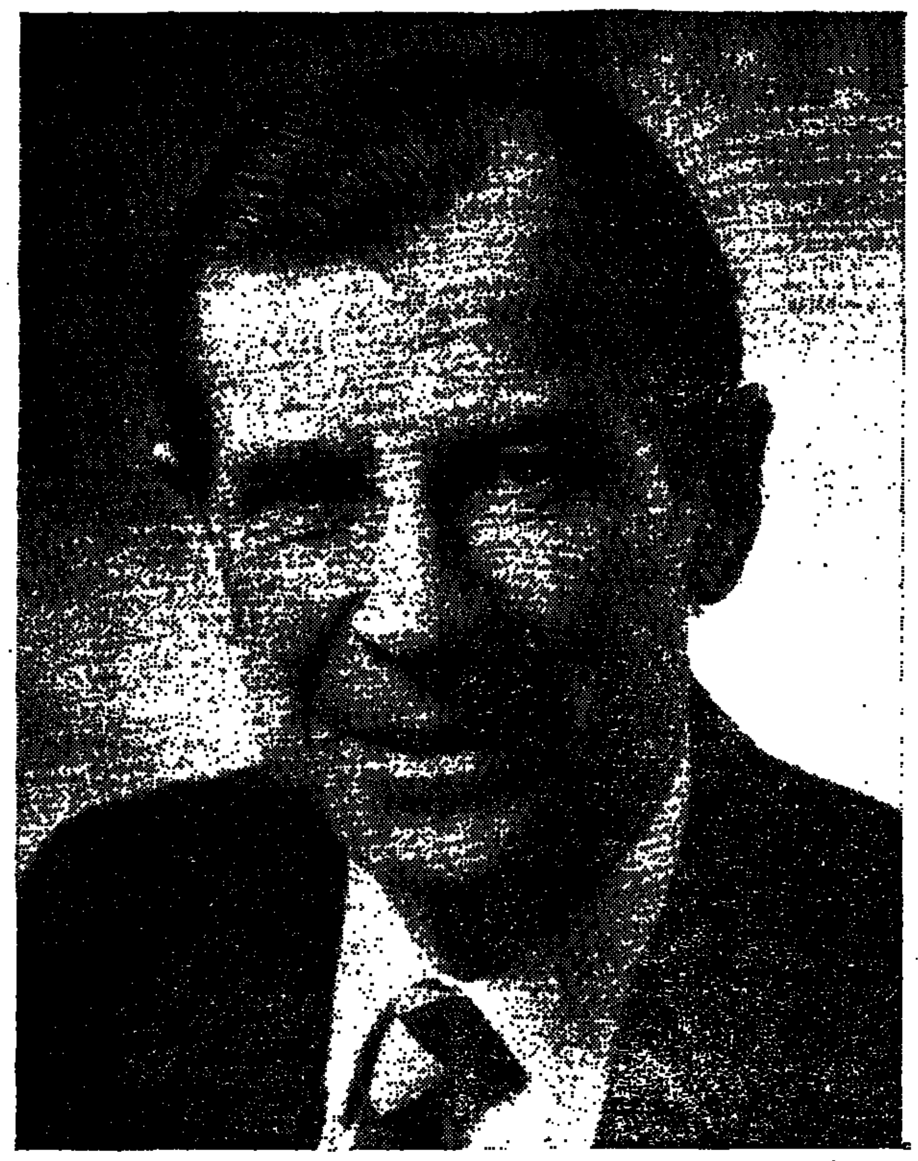
The Brewery Division increased its trading profit. An provement in its national coverage through an exchange of blic houses with other major brewers, and the development new brand of lager – Hofmeister – together with our new wery near Reading which should be on stream in less than a r will, we believe, lead to a useful profit progression in future rs.

All in all, if our performance in 1978 was not startling, it ild have been much worse in view of the many difficulties ich faced us.

## lustrial Relations

e opening months of 1979 were better than those of 1978, but latter was, as I have said in the Annual Report, a period of ressed profits. We could have done better but for umstances outside our control. Industrial strife which should have involved us – we had no major disputes with any union rced us to close some factories and held up imports and orts to our detriment. Thanks to the ingenuity of managers l employees, the effect on us was reduced but it could not be olly eliminated. It is thus impossible to speak of current ling without referring to the parlous state of industrial itions in this country. In the last few months, the nation has n instances of employees striking in breach of agreements netimes, but not always, at the behest of their trade union ders. Sometimes responsible leaders have accepted a lement only to have it rejected by shop stewards or the shop or or vice versa. Some strikers have used intimidation of er workers to gain their ends. Some have shown a callous regard for children, for the old and for the sick. I must stress t these remarks do not refer to our own employees, the erwhelming majority of whom show great responsibility in se matters.

Although it was sometimes denied, it was quite clear in ny instances that strikes in support of claims, particularly in public sector, were designed not to inconvenience or cause s to those who had rejected them – the Government usually – t to cause substantial suffering among the public at large. It is parent that there are wreckers who have demonstrated their wer, and who are at work in our country in the hope of one y completely changing our democratic society into a tyranny. s tragic that successive Governments have, by enacting considered legislation, given opportunities to such people and l us to the point of industrial anarchy. If it had been better derstood that our labour laws would help to produce the aos of the last three months I hardly think they would have en passed.



Sir John Pile, Chairman.

## A new National Forum

Last year, at this meeting, I spoke of the need for a new national forum. The intended body would be more broad-based than N.E.D.C., reflecting the interests of consumer affairs, the professions and various industrial organisations and, while it would have no specific powers, it would have the right to be consulted on any proposed legislation affecting industry, and to make its views known on the effects of this and earlier laws. In this way it would be possible to ensure that Parliament and the people were better informed on the needs of industry. This concept is similar to that embraced by the Economic and Social Committee of the E.E.C. and by like bodies in other West European countries.

My remarks caused some interest at the time – indeed some company chairmen and others sent me copies of speeches which showed they were striving for a similar goal. One sent me a quotation from a speech made by Winston Churchill in 1931 which dealt with this theme. It seemed worth pursuing the matter. In order to develop discussion we talked with a wide circle of prominent people, and as a result were approached by the Policy Studies Institute who wanted to conduct detailed research into the whole subject of the relationship of Government with Industry and other economic forces. We have been happy to pass the torch to them and a paper describing their programme, together with a copy of my Address, will be available as you leave this meeting.

This research by the Policy Studies Institute is both timely and relevant, for there is something seriously amiss in the whole process by which national economic and social policies are determined. The problem is sufficiently complex for one to doubt the likely efficacy of simple, instant solutions, especially those which are claimed to be in the interest of the nation as a whole when in reality they are designed to further the ambitions of a particular section. The Institute is rightly examining all major aspects of the problem and a number of possible solutions to it, including the creation of the kind of body to which I have referred. I believe this piece of research to be of great importance to finding a better way foward for our country in the long term.

## Prospects for 1979

Until we obtain genuine stability in the economic and industrial fields it is impossible to make firm predictions for the future but you will expect me to say something about the prospects for the current year. As I have mentioned, the first months were an improvement on last year and might have been even better but for the appalling industrial situation generally, and the very cold winter. This does not, however, lead me to expect that the outcome for the year will necessarily show a major uplift over last year. We are working for an improvement of course, but our sales, representing as they do 4% of consumer purchases in the U.K. are greatly dependent on a buoyant economy. When, eventually, the people of Britain strive together to build high-productivity, high-wage industries, we shall certainly prosper.

## Spot Cash Production

Before I conclude, I want to refer briefly to the recent court case involving Imperial Tobacco and its 'Spot Cash' promotion of John Player's three main King Size brands. As most of you know, during this promotion each packet of the brands concerned carried a free card which could win the purchaser a prize. The Director of Public Prosecutions began legal proceedings against Imperial Tobacco and four of its senior officers for acting unlawfully in running this promotion, but I am happy to say that the Court of Appeal found otherwise. Referring to the 'Spot Cash' promotion, The Master of the Rolls, Lord Denning, said, and I quote:–

*"Here were Imperial Tobacco and their officers — very responsible people — acting on the best legal advice that it was lawful. They were doing something which no fair-minded person would consider objectionable or reprehensible in the least. Something, indeed, which the Royal Commission on Gambling had, in July 1978, said was quite harmless and recommended should be lawful."*

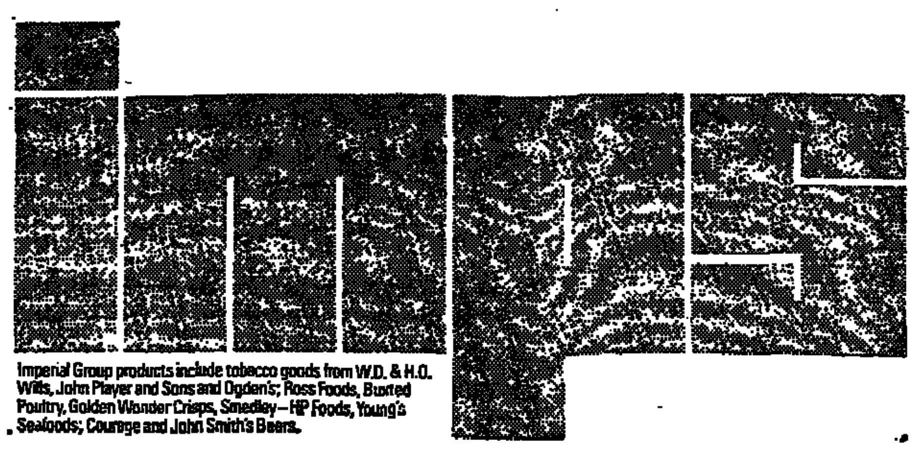
"This 'Spot Cash' scheme", said Lord Denning, "was a harmless and entertaining piece of advertising by Imperial Tobacco", and the Court unanimously declared the promotion lawful in every respect. The market showed that it was also effective in every respect; for it boosted sales of the three brands in question and improved our share of the King Size market. With the highly successful launch of Lambert & Butler King Size in January, half the King Size cigarettes sold in Britain are now made by our Tobacco Division.

I hope you will be heartened by this latter news, because it is a reminder of our continuing commitment throughout the Group to make every effort to increase sales at home and abroad, and to reduce costs, efforts which should not only help profit in the current year but stand us in good stead in the years to come.

## SUMMARY OF RESULTS

| | 1978 £million | 1977 £million |
|---|---|---|
| Sales to customers outside the Group | 3,432.8 | 3,196.2 |
| Group trading surplus before interest | 144.0 | 150.6 |
| Interest on borrowings | (34.4) | (42.0) |
| | 109.6 | 108.6 |
| Income on investments | 21.5 | 20.5 |
| Group profit before tax | 131.1 | 129.1 |
| Group profit after tax and minorities | 102.8 | 103.6 |
| Profit from sales of properties and investments, etc. | 20.3 | 5.8 |
| | 123.1 | 109.4 |
| Retained in the business | 78.5 | 69.4 |
| Dividends | 44.6 | 40.0 |
| | 123.1 | 109.4 |

# Imperial Group Limited



Imperial Group products include tobacco goods from W.D. & H.O. Wills, John Player and Sons and Ogden's; Ross Foods, Buxted Poultry, Golden Wonder Crisps, Smedley – HP Foods, Young's Seafoods; Courage and John Smith's Beers.

MINING NEWS

# Tara's river of troubles

BY STEWART DALBY IN DUBLIN

TARA EXPLORATION AND DEVELOPMENT, the largely Canadian owned company which runs the Tara lead and zinc mines in Navan, north of Dublin, ended its first year of operation with a pretax loss of £6.7m.

In calendar 1978, after taxes and extraordinary items, losses were £5.3m, giving a loss per share of 83p. The company, in which the Irish Government has a 25 per cent stake, not only had difficulties in building up production but, in the third quarter was hit by a strike just when the zinc price was showing greater steadiness on world markets.

Although revenue from concentrate sales for the year was £24.7m, this was eroded by extremely high operating expenses of £16m and interest repayments of £8m. To date the mine has cost nearly £90m since development started six years ago.

Because of mounting costs the company has had to re-arrange its debt repayment schedules with a consortium of Canadian banks, led by Toronto Dominion. The company said negotiations were completed in December.

"The re-scheduling documentation cannot be signed until the Minister for Industry, Commerce and Energy gives his consent," the company's report added.

One bright aspect of the company's report was that losses were cut in the fourth quarter. They were down from £2.3m in the third quarter before tax, to £431,000 in the last three months of the year.

But Tara faces a problem in stepping up production because of a row over whether it can resume mining under the Blackwater River. The Blackwater River divides the Tara mine area from that of another company, Bula Mines.

Until the river is diverted, "pillars" must be left underneath. In mid-January, the Government ordered work to stop in this high quality ore area. By May 15 there should be a report saying whether it is safe to resume mining and deciding how the area should be divided.

Tara is thought to need both the quality and quantity of the ore under the river to get its output up to profitable levels. In 1978 the amount of dry tonnes ore milled was 1.4m. The company has a target of 2.25m tonnes a year.

In London yesterday the shares were 25p lower at 775p.

## MMC IN JOHORE JOINT VENTURE

**Malaysia Mining Corporation**, which brings together the country's major tin mines, has started a joint venture with the **Johore State Economic Development Corporation** to explore for, and develop, tin in the state.

The joint company, called **Syarikat Lombong Sebina Johor**, in which MMC will have a 49 per cent holding, has found tin on a 500-acre site near Sungei Pelaw but the deposit is not extensive enough to support a medium-scale dredging operation. A search is being mounted for additional reserves.

The joint venture extends MMC's policy of forming companies in co-operation with state authorities wherever possible. Units of MMC, like **Berjuntai**, have followed this path in other states. **Charter Consolidated** owns 29 per cent of MMC.

## CONS. MURCHISON REMAINS GLOOMY

**Consolidated Murchison**, one of the world's major antimony producers and a member of the **Anglo Transvaal** group in South Africa, yesterday warned shareholders that dividends this year would only be modest. There were no payments in 1978 when there was a net loss of R500,000 (£290,700).

Despite the firming of antimony prices in the second half of 1978, Mr. H. Dalton-Brown, the chairman, noted in his annual statement that a further 30 per cent increase was necessary to bring them back to the level of early 1977.

With producer inventories now at more normal levels, sales this year should roughly match production, but Mr. Dalton-Brown was worried about the longer term prospects. Energy developments might affect the motor industry and hence the demand for antimony, while the improved relations between the U.S. and China, potentially an important producer, could affect the market.

In London yesterday, the company's shares were unchanged at 290p.

## DURBAN DEEP'S DIVIDEND HOPE

If the bullion price holds up the escalation of costs is checked, then **Durban Roodeport Deep**, the ageing South African gold mine in the **Barlow Rand** group, could pay a dividend this year. But prospects are less hopeful at another group mine, **East Rand Proprietary**.

This emerged yesterday from the annual statements of Mr. D. T. Watt, the chairman of both mines. His remarks came against the background of renewed market interest in marginal producers, whose gearing makes them sensitive to changes in the bullion price. Durban Deep at 420p and ERPM at 282p tend to be low in investors' priorities, however.

Durban Deep is discussing with **Rand Leases Gold Mining** the possibility of obtaining rights to mine a portion of the Kimberley Reef adjacent to its workings. But such an extension of mining would need additional state assistance. And at ERPM, Mr. Watt made clear, dependence on state assistance will remain for some time.

## Profits surge at Dome Mines

Consolidated profit at **Dome Mines**, the Toronto group with extensive petroleum interests, soared last year by 42 per cent to a record C$52.6m (£22.1m) or C$8.85 a share from C$37.1m or C$6.23 a share in 1977, writes John Soganich from Toronto.

The profit consolidates the contributions from two subsidiaries, **Campbell Red Lake Mines**, which is 57 per cent owned, and **Sigma Mines (Quebec)**, which is 63 per cent owned. It also takes in the equity in **Dome Petroleum** where there is a 26 per cent stake and **Canada Tungsten Mining**, where the stake is 20 per cent.

Bullion revenue rose 37 per cent to C$80.3m, responding to the firmer bullion prices, although gold production at the group's three mines at 350,822 ounces was down on the output of 362,890 ounces in 1977.

At Campbell Red Lake the 1978 profits were C$17.0m against C$11.1m in 1977, while Sigma doubled its earnings to C$4.3m from C$2.1m.

# Writ issued in Piran battle

THE GINGER group wanting to throw out the Board of Saint Piran has issued a writ for an injunction to restrain certain offshore nominees from voting at the crucial EGM.

The case will be heard this morning by Mr. Justice Slade.

The basis of the group's case is that these offshore companies are in breach of the Companies Act 1976 because of failure to disclose their true beneficial owners. The Board of Saint Piran has maintained that these companies have in fact given the names of their beneficial owners.

The ginger group has also approached the Stock Exchange and the Takeover Panel in connection with the Board's refusal to appoint "independent" scrutineers for the poll at the EGM. The scrutineer is intended to be Saint Piran's registrar, National Westminster Bank. Mr. Lewinsohn, leader of the ginger group, said yesterday that he meant no disrespect to National Westminster but the bank would be acting as an agent for the current Board and he wanted a totally unconnected organisation to scrutinise the poll.

Meanwhile two shareholders of Saint Piran who had previously been highly critical of the current Board have changed their minds. They are Mr. Justin Brooke, a former stockbroker, and Mr. Michale Payne-Jago, who claims to speak for a large number of shareholders in the West Country. Another shareholder, Mr. E. Bailey, has written to shareholders for the second time urging them to support the ginger group.

## TEA RESULTS

Two major tea producers have reported their results for the year ended December 31, 1977.

**Assam Dooars Holdings** lifted pre-tax profits from £2.37m to £2.93m but net profits were £767,018 against £965,521. The dividend is a maintained 9.5087p per £1 share.

Pre-tax profits of **Western Dooars Tea Holdings** were little changed at £1.66m against £1.61m. Net profits were well down from £787,094 to £330,725.

An amount of £255,363 (£666,246) is put to reserves. In the previous year there was a £25,486 loss on the sale of an estate. Directors are recommending an unchanged dividend of 5.24p.

## Williams & James up to £0.78m

PROFITS before tax of Williams and James (Engineers) rose from £451,708 to £781,395 in 1978, on turnover up from £4.97m to £7.02m.

At midway this manufacturer of compressed air, vacuum hydraulic equipment turned in taxable profit of £351,510 against £207,863.

After tax for the year of £121,708 (£115,132), stated earnings per 25p share are shown at 35.9p (18.7p). The net final dividend is stepped up with Treasury consent from 1.459675p to 2.569p, making 3.6745p (2.449675p) and costs of £64,546 (£44,094) after waivers.

The extraordinary debit of £28,927 (nil) represents rights issue expenses. Available profit comes through at £630,670 (£336,576).

# INTERNATIONAL COMPANIES and FINANCE



## ...RTH AMERICAN NEWS

# Mobil bids $765m for IP interests

BY STEWART FLEMING IN NEW YORK

...ERNATIONAL PAPER, the ...st of the U.S. paper and ...t products companies, with ...in 1978 of $4.2bn, has ...ved a $765m bid from ... Oil for its General Crude ...ubsidiary, a Houston-based ...leum exploration and ...opment company.

...: Mobil offer is the third International Paper has ...ved for its oil and gas ...ssets. Earlier in the ...it announced that Gulf ...was willing to pay $650m ...he General Crude business. ...Gulf's chagrin, having ...inced an agreement in ...ipal to sell to the giant ...ncern, International Paper subsequently announced ...t was proposing to sell to ...eco and Southland Royalty ...y for $705m.

...r Mobil has chipped in with an even higher offer, but just how much higher is unclear. For IP says that the Mobil offer differs in a number of respects from the previously announced offers, which both left IP owning potentially valuable lignite deposits and property interests in the Houston area. IP is not saying, however, what the differences are between the Mobil offers and the previous bids.

It points out, however, that the Mobil proposal does include an exploration and development programme on IP's 7.2m acres of timberlands.

Some analysts have argued that IP's purchase of General Crude for $489m in 1974 was a mistake and that it could have hired the oil company expertise to examine its own properties and collected royalties rather than purchase an oil company.

As the sale price for General Crude increases, however, the disadvantages of the original decision diminish.

One of the costs of purchasing General Crude, however, was that the company's development of its existing operations was slowed down. Analysts now see IP putting more emphasis on developing its paper and forest products operations.

The company itself has said that one of its objectives is to increase the value of its timberlands by putting greater emphasis on saw timber.

Traditionally, IP has been heavily orientated towards the paper business, a factor which has accounted for its sluggish earnings record at a time when some of its rivals, Georgia Pacific for example, have seen earnings growing rapidly, partly as a result of sales of timber to the booming housing industry.

International Paper has already announced proposals to invest $550m in a container board plant in Louisiana and is generally expected to employ a substantial proportion of the cash brought in from assets sales in investment in lower cost plant. Later this week it is expected to complete the sale for $220m of a pulp and linerboard mill to Southwest Forest Industries.

Ironically, IP was reportedly interested in purchasing a forest products company, Bodcaw, which Mobil Oil announced last month it had agreed to purchase for $475m. Yesterday, Mobil added a cash alternative to its offer for Bodcaw.

The IP Board meets next week to consider the offers for General Crude and is clearly open to a higher offer.

# ...errill Lynch in real estate

BY DAVID BUCHAN IN WASHINGTON

...RILL LYNCH has made ...st stride into the real ...brokerage business by ...a majority stake in a ...Dallas-based firm, Paula ...er Realtors.

...move continues the bid ...e largest U.S. brokerage ...to diversify outside the ...ties industry, and Merrill ...said the Stringer acquisi-...would only be the first of ...ited network across the ...f majority-owned residen-...eal estate firms. These ...operate under Merrill ...realty Associates.

...rill Lynch's chairman Mr. ...d Regan, while saying the ...into real estate would go ...usly, underlined the ...ial profitability of the ...e by pointing out that ...cans now had more ...invested in real estate—...apart from their homes—...hey had in securities.

...forecast that the first ...r of this year would show ...earnings and revenue ...he first three months of ...which he described as "a ...stinker." He gave no ...s, but in the 1978 first ...r, revenues were $281m. ...eviously reported, Merrill ...recorded consolidated ...ues of $1.5bn for the year and net earnings of more than $71m.

With the firm's capital for the first time exceeding $700m by the end of 1978, according to its annual report released yesterday, Merrill Lynch is strongly placed to enter the real estate area, though the expected down swing this year in new house building may dampen some of the immediate prospects.

Mr. Regan said the firm was aiming for at least a 15 per cent rate of return on its non-securities activities, which now accounted for 10 per cent of revenue and which he hoped would increase in the future.

Merrill Lynch already has a profitable real estate activity in the relocation of company executives and their families from one part of the country to another and managing their house purchases. It also acquired the American Mortgage Insurance Company earlier this year.

# ITT confident on outlook

NEW YORK — Mr. Lyman C. Hamilton, Jr., President of International Telephone and Telegraph Corporation, said that, with the first quarter nearly completed, "there's nothing to dissuade us from the fact that it (1979) will be a very good year."

ITT, in a preliminary copy of its annual report released yesterday, said it expected 1979 year earnings to exceed the $4.66 per share earned on revenues of $19.4bn in 1978.

He told analysts that ITT plans to reach at least a 15 per cent return on stockholders' equity in the early 1980s. ITT in 1978 had a 12.4 per cent return on equity, up from 11.6 per cent

ITT has set itself a target of a profit growth of about 10 per cent a year.

All five of the company's businesses would report earnings gains in 1979. In 1978, all principal businesses improved with the exception of ITT's natural resources business.

The division's Port Cartier Mill in Quebec ran at a loss last year. Operations are expected to improve, although some problems would remain in 1979.

Reuter

# Two Board members quit Beatrice Foods

By Our New York Correspondent

**TWO DIRECTORS are to leave the Board of the giant Beatrice Foods company, in apparent displeasure at the choice last week of a new chairman, Mr. James L. Dutt, to succeed Mr. Wallace Rasmussen, this summer. Mr. Dutt's appointment is seen as consolidating the hold of Mr. Rasmussen, who will stay on in a new post as chairman of the company's executive committee.**

**The two directors, Mr. Durward Varner, former President of the University of Nebraska, and Mr. John H. Williams, who heads the Williams group of companies, have made no public comment, but have said they will not stand for re-election to the Beatrice board in June.**

**Mr. Rasmussen has professed to be mystified by the resignations of the two directors.**

**He commented this week that the Board had, in any case, become a little too big in recent years.**

**Last year, Beatrice Foods had net sales of $6.3bn and reported net profits of $222m. Though in recent years it has diversified considerably out of the food business and has had the reputation of being a decentralised company, Mr. Rasmussen is reported to have been trying to achieve more central control over its operations.**

# MacMillan Bloedel upturn

**VANCOUVER — MacMillan Bloedel is having a "strong" first quarter, and net income for the period will be above the $16.9m or 73 cents a share earned last year, Mr. Calvert Knudsen, the president, said.**

**While declining to make a specific earnings forecast, Mr. Kundsen said that markets for the company's lumber pulp newsprint and linerboards and packaging products are firm.**

**He "did not know" if the group could match last year's 66 per cent earnings gain in 1979 but prospects for higher earnings in 1979 were "excellent." Last year, MacMillan earned $100.9m or $4.50 a share.**

**AP-DJ**

# Airline bid delay

**The Civil Aeronautics Board is to require an administrative law judge to make a recommendation on Eastern Air Lines' bid for National Airlines, Reuter reports from Washington. This could delay final action by at least a month. Previously, the board had decided that the hearing judge would simply turn the record of testimony on the case over to the board—an action that was expected at the end of April. This is the same time that another hearing judge is expected to make recommendation on Texas International Airlines' and Pan American World Airways' bids for National.**

# Dow-Pemex deal

**Dow Chemical has concluded a long-term contract with Pemex, the Mexican national oil company, to purchase crude oil primarily to supply Dow's operations on the Gulf coast, AP-DJ reports**

# Distillers takeover

**Indiana Group shareholders have approved a merger whereby the company would become a wholly-owned National Distillers subsidiary, Reuter reports from Richmond. Terms call for each outstanding Indiana common share to be exchanged for two shares of National.**

# Pullman withdraws

**Pullman's directors have approved a recommendation that the company withdraw from its rail passenger car business "as soon as practicable upon completion of contracts in process." AP-DJ reports from Chicago. The company expects to record a charge of $35m to $40m after taxes in the quarter ending March 31.**

## INTERNATIONAL CAPITAL MARKETS

# Egypt plans two medium term loans

By John Evans

EGYPT IS to tap the Euro-currency market for $250m in medium-term credits.

The country's central bank plans to raise a $150m eight-year facility, carrying spreads of 1¼ per cent during the first three years and 1⅜ per cent thereafter.

Proceeds will be used for general development purposes.

A separate $100m loan, also for eight years, is designed to finance the acquisition of aircraft from the U.S. The spread on this portion is a straight 1 per cent.

The loans package will not be guaranteed by the Gulf Organisation for the Development of Egypt (GODE), the agency which has in the past supported several Egyptian credits on the international capital market.

However, it is believed that the impending peace treaty with Israel should help enhance Egypt's credit-standing among international banks.

The loans are to be arranged by Union des Banques Arabes et Francaises (UBAF), Arab International Bank, Arab African International Bank and European Arab Bank. A full management group is being formed.

Meanwhile, several Western banks confirm that, in the last few days, they have been receiving overdue interest payments on some large Iranian Euro-currency credits.

In some cases, the delays on the servicing of such loans had dated back to last December, and had led to concern that a state of complete default could arise on much of Iran's overseas dollar debt.

Among the syndicated loans on which Iran is now current is a $500m syndicated credit advanced to the Imperial Government of Iran by foreign banks in early 1977. A $350m facility for the Telecommunications Authority of Iran is also being serviced normally.

● Bank of Montreal and Citicorp International Group have announced the signing of a U.S.$77.26m medium-term loan for Manila Electric Company, Anthony Rowley writes from Hong Kong.

The two banks are lead managers for the facility, with Bayerische Vereinsbank International and Dresdner (South East Asia) as managers. The loan was arranged by First Philippine Capital Corporation.

# SwFr40m bond for Lonrho

BY FRANCIS GHILES

LONRHO, the international trading and industrial conglomerate, plans to float a SwFr 40m ten-year bond on the Swiss capital market from April 2 to 6 through Banque Keyser Ullmann en Suisse.

The bonds will be issued at par but no coupon has yet been indicated. It is expected to be set on March 30. Yields on recent bonds in the Swiss foreign bond secondary market suggests a coupon of between 4½-¾ per cent.

Prices in the secondary Swiss franc bond market stabilised yesterday after falling again quite heavily on Tuesday and Wednesday. Many issues are currently standing at their lowest level this year: The 3⅞ per cent issue for Oesterreichisch Kontrollbank is trading at 92½ while the latest offering for the Kingdom of Spain stands at 96¾. Trading volume remains thin and investors are unwilling to commit funds when they are convinced interest rates are moving up.

Swiss Bank Corporation confirmed yesterday that its SwFr 250m issue for Australia was sharply undersubscribed. The same misfortune befell a SwFr 300m issue for Canada last week and remains the surest indication of investors' unwillingness to commit funds. This unwillingness can only have been strengthened when the new interest rates on Kassenobligation were announced earlier this week. These rates were reduced by the big banks on January 29 and have now been put back to the levels prevailing before that date, however. Interest rates on the seven- to eight-year Kassenobligation issue, which fell from 3½ to 2¾ per cent on January 29, moved up to 3 per cent on Tuesday.

The only Swiss franc bonds which have held up well are floating rate notes. The recent Credit Populaire d'Algerie issue is quoted at 99¼.

In the sterling sector prices moved up a shade in the morning but came off in the afternoon as the Gilt-edged market weakened. The General Electric Company bond, on its first day of trading, put on a good performance, and was quoted at 99¼-100.

In the dollar sector prices moved up gently. The $20m FRN for Central American Bank for Economic Integration was priced at par with indicated conditions otherwise unchanged.

# Sharp rise in dollar CD volume

BY MARY CAMPBELL

AFTER FALLING back in January from December's record high levels, issues of dollar certificates of deposit outstanding in London moved up smartly again in the month to mid-February. This is in sharp contrast to developments last year, when outstanding CDs fell steadily from the peak levels in December, 1977, until September. A fall in January is normal for seasonal reasons.

In mid-February, the volume of outstanding CDs was $28.6bn, up from $27.5bn in January and $28.0bn in mid-December.

The biggest factor in the January-February rise, as it had been in the run-up to the end of the year, was the American banking community. The volume of U.S. bank CDs outstanding rose from $15bn to $15.7bn in the month to mid-February. The February figure was up even from the mid-December figure, though only slightly.

The U.S. banks' issuing activity is all the more remarkable since their total non-sterling deposits fell between January and February. It implies a lengthening in the maturities of their deposits.

The value of outstanding Japanese bank CDs also rose in the month to mid-February, from $5.0bn to $5.3bn. The rate of growth was sharper than for Japanese deposits generally, which themselves rose by 3 per cent from $39.4bn to $41.6bn, a lot for a single month.

## RESULTS IN BRIEF

# Steady growth in May Stores earnings

NEW YORK—May Department Stores announced net earnings for 1978 of $93.2m or $4.15 a share, against $84.2m or $3.72 previously. Sales increased from $2.26bn to $2.57bn.

The final quarter saw earnings rise from $47.6m or $2.11 to $54.3m or $2.42 a share.

Dayton Hudson, the Minneapolis-based department store group, pushed earnings ahead from $91.7m or $3.89 to $97.6m or $4.12 a share last year, on sales of $2.96bn against $2.49bn. The final quarter brought an increase in earnings from 48m to $60.5m, or from $2.04 to $2.56 a share. Sales increased from $845.8m to $1.04bn.

Last year saw earnings at Public Service Electric and Gas move up from $212.3m or $2.82 a share to $237.4m or $3.05, on sales of $2.27bn against $2.07bn.

The last two months of the year produced earnings of $47.9m or 62 cents against $39.2m or 53 cents a share. Sales increased from $413.6m to $463.9m.

The first quarter ended February 28 produced an improvement in earnings for New England Telephone, whose net income was $56m or $1.05 a share on sales of $321.7m compared with $51.2m or 97 cents a share on revenues of $481.1m.

Mercantile Stores' earnings rose to $19.9m or $3.37 per share for its fourth quarter ended January 31 compared with $16.1m or $2.74 a share. Revenues improved to $316.9m compared with $260.4m. The strong close to the year pushed Mercantile's yearly net profit to $40.9m or $6.80 a share on income of $922.1m compared with $31.1m or $5.28 a share on revenues of $789.2m.

Koehring, the construction equipment company, earned $2.1m or 58 cents a share in the first quarter ended February 28 compared with $961,000 or 20 cents for the previous first.

Agencies

# ...FT INTERNATIONAL BOND SERVICE

...e list shows the 200 latest international bond issues for which an adequate secondary market ... For further details of these or other bonds see the complete list of Eurobond prices published ... second Monday of each month.

Closing prices on March 22

| ...OLLAR ...HTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| ...t. F. XW 7¼ 89 | 200 | 84 | 84½ | +0⅛ | +0½ | 9.81 |
| ...¼ 84-99 | 50 | 95⅞ | 96⅜ | 0 | 0 | 9.80 |
| ...9 83 | 400 | 98 | 98½ | 0 | +0⅛ | 9.70 |
| ...9¼ 98 | 350 | 96¼ | 96¾ | 0 | +0⅛ | 9.88 |
| ...r 8½ 83 | 70 | 95½ | 96 | +0⅛ | +0½ | 9.75 |
| ...n Bridge 9 86 | 25 | 93⅞ | 94⅜ | +0⅛ | +0⅜ | 10.17 |
| ...em. O/S 9⅝ 94 | 200 | 97¼ | 97¾ | +0⅛ | +0⅛ | 9.95 |
| ...36 | 125 | †94 | 94½ | 0 | −0⅛ | 10.03 |
| ...96 | 150 | 99⅝ | 100⅛ | 0 | +0¼ | 9.88 |
| ...99 | 100 | 99⅞ | 100⅜ | −0⅛ | +0⅜ | 10.10 |
| ...v. Cpn. 9.85 84 | 150 | 100⅝ | 101⅛ | +0⅛ | +0⅛ | 9.84 |
| ...v. Cpn. 9¾ 84 | 100 | 96⅞ | 97⅜ | −0⅛ | +0⅛ | 9.81 |
| ...inans 9 86 | 50 | 95⅞ | 96⅜ | 0 | +0⅛ | 9.73 |
| ...9 88 | 100 | 94⅝ | 95⅛ | +0⅛ | −0½ | 10.09 |
| ...9½ 86 | 100 | 97⅜ | 97⅞ | +0¼ | +0⅛ | 9.99 |
| ...9½ 84 | 50 | 98 | 98½ | +0⅛ | +0⅛ | 9.96 |
| ...nt. Fin. 9¾ 85 | 50 | 99⅝ | 100⅛ | +0⅛ | +0¼ | 9.77 |
| ...O/S 9 83 | 25 | 97⅛ | 97⅝ | +0¼ | +0¼ | 9.72 |
| ...Bay Co. 10 94 | 50 | 100½ | 101 | +0⅛ | +0⅛ | 9.90 |
| ...nce 9¾ 90 | 30 | 94⅜ | 94⅞ | 0 | 0 | 10.56 |
| ...nney 8½ 83 | 100 | 96 | 96½ | 0 | +0¼ | 9.57 |
| ...a 9½ 89 | 75 | 97 | 97½ | +0¼ | +0¼ | 9.95 |
| ...ast. 9 86 | 75 | 96½ | 97 | +0⅛ | +0⅜ | 9.63 |
| ...nswick 9¾ 94 | 75 | 97⅝ | 98⅛ | 0 | 0 | 10.03 |
| ...dland 10 94 | 50 | 98⅝ | 99⅛ | +0⅛ | +0⅛ | 10.15 |
| ...ydro 9⅜ 94 | 50 | 95 | 95½ | 0 | +0⅜ | 9.86 |
| ...8¾ 83 | 150 | 96⅞ | 97⅜ | −0⅛ | +0⅛ | 9.81 |
| ...9¾ 84 | 150 | 100¼ | 100¾ | 0 | 0 | 9.84 |
| ...10 84 | 50 | 97⅛ | 97⅝ | 0 | +0⅛ | 10.70 |
| ...Hydro 9½ 93 | 50 | 96⅝ | 97⅛ | +0⅛ | +0½ | 9.91 |
| ...Fin. XW 9½ 91 | 25 | 92½ | 93 | +0⅜ | +1 | 10.59 |
| ...oebuck 9 82 | 150 | 98⅜ | 98⅞ | 0 | +0½ | 9.55 |
| ...lm 9¾ 94 | 80 | 99 | 99½ | −0⅛ | 0 | 10.09 |
| ...85 | 200 | 95½ | 96 | +0¼ | +0⅜ | 9.65 |
| ...93 | 150 | 94⅞ | 95⅜ | −0⅛ | +0⅜ | 9.73 |

| ...CHE MARK ...HTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| ...an Ex. Int. 5½ 87 | 70 | 95⅞ | 96⅜ | 0 | −0⅛ | 6.13 |
| ...na 6½ 88 | 150 | 93⅝ | 94⅛ | −0½ | −0⅝ | 7.42 |
| ...ia 6 88 | 250 | 99¼ | 99¾ | 0 | −0⅛ | 6.06 |
| ...5¾ 90 | 150 | 92⅝ | 93⅛ | −0⅛ | +0⅛ | 6.63 |
| ...Desarrollo 7¼ 86 | 100 | 98⅛ | 98⅝ | 0 | 0 | 7.66 |
| ...nerica 5¾ 90 | 150 | 97½ | 98 | −0⅜ | 0 | 6.02 |
| ...Algerie 7¼ 85 | 100 | 97 | 97½ | −0⅛ | +0⅛ | 7.76 |
| ...7¼ 87 | 150 | 100⅛ | 100⅝ | +0⅛ | 0 | 7.18 |
| ...6 88 | 150 | 97 | 97½ | 0 | +0¼ | 6.39 |
| ...nhttn. O/S 6 93 | 100 | 98¼ | 98¾ | −0⅜ | −0⅜ | 6.10 |
| ...rzbank XW 3½... | 100 | 81½ | 82½ | +0⅛ | +0½ | 6.09 |
| ...agen City 6 90 | 75 | 92⅜ | 92⅞ | +0¼ | +0⅜ | 6.94 |
| ...of Europe 6⅝... | 130 | 96⅞ | 97⅜ | −0⅛ | −0⅜ | 6.66 |
| ...k 5¾ 85 | 100 | 96⅞ | 97⅜ | +0⅜ | +0⅛ | 6.35 |
| ...k 6½ 89 | 100 | 97⅛ | 97⅝ | 0 | +0⅛ | 6.87 |
| ...0 | 300 | 93½ | 94 | +0⅛ | −0½ | 6.79 |
| ...91 | 200 | 96⅝ | 97⅛ | 0 | −0⅛ | 6.88 |
| ...ras-Brazil 7 87 | 100 | 97⅛ | 97⅝ | 0 | 0 | 7.47 |
| ...s 6½ 89 | 100 | 100⅝ | 101⅛ | +0½ | +0⅛ | 6.36 |
| ...6 83 | 150 | 99⅜ | 99⅞ | +0⅛ | 0 | 6.12 |
| ...Ship. 5¾ 83 | 50 | 98⅜ | 98⅞ | −0⅛ | +0⅛ | 6.08 |
| ...sia 7 84 | 100 | 98⅛ | 98⅝ | −0⅛ | −0⅛ | 7.35 |
| ...City of 5¾ 86 | 100 | 98⅛ | 98⅝ | −0¼ | 0 | 5.96 |
| ...Fin. 7 89 | 150 | 98½ | 98¾ | 0 | +0⅛ | 7.20 |
| ...ishi Petro. 5¾ 85 | 100 | 98⅛ | 98⅝ | +0⅛ | −0¼ | 6.05 |
| ...ealand 6¼ 87 | 200 | 99⅝ | 99⅞ | 0 | 0 | 6.29 |
| ...Koken 7½ 84 | 100 | 99⅛ | 99⅝ | +0⅛ | 0 | 7.62 |
| ...Steel 5¾ 85 | 100 | 97½ | 98¼ | −0⅛ | −0⅜ | 6.15 |
| ...Tel. & T. 5¾ 87 | 100 | 95⅝ | 96⅛ | 0 | −0⅛ | 6.18 |
| ...Inv. Bk. 6¼ 86 | 60 | 98 | 98½ | +0⅛ | −0¼ | 6.57 |
| ...Komm. 6 90 | 100 | 95⅛ | 95⅝ | 0 | −0⅛ | 6.59 |
| ...Komm. 6¼ 89 | 150 | 97⅝ | 98⅛ | 0 | 0 | 6.55 |
| ...ntal 6¾ 90 | 150 | 96⅝ | 97⅛ | −0½ | 0 | 7.15 |
| ...¼ 88 | 100 | 99⅝ | 100⅛ | 0 | −0⅛ | 6.51 |
| ...87 | 40 | 97⅝ | 98⅛ | +0⅜ | +0½ | 6.35 |
| ...o Brazil 7 88 | 100 | 97¼ | 97¾ | −0¼ | −0⅛ | 7.37 |
| ...⅝ 83 | 30 | †97 | 97¼ | 0 | 0 | 5.94 |
| ...6 88 | 150 | 96⅛ | 96⅝ | 0 | 0 | 6.52 |
| ...6½ 83 | 150 | 98 | 98½ | +0⅛ | +0⅜ | 6.76 |
| ...roup 5¾ 83 | 65 | 96⅝ | 97⅛ | 0 | +0⅛ | 6.54 |
| ...Bank-Finn 6½ 88 | 50 | 95 | 95½ | 0 | 0 | 7.19 |
| ...ela 6½ 90 | 150 | 92⅛ | 92⅝ | −0⅛ | −0⅛ | 7.50 |
| ...Bank 6¼ 88 | 400 | 97⅜ | 97⅞ | +0⅛ | +0⅛ | 6.58 |

| ...FRANC ...GHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| ...5¼ 88 | 40 | 102⅝ | 103 | 0 | +0⅛ | 4.86 |
| ...Exp. Int. 3½ 93 | 40 | 97½ | 97¾ | 0 | −0⅛ | 3.71 |
| ...Dev. Bank 3½ 94 | 100 | 90¼ | 90½ | −0⅛ | −0⅝ | 4.39 |
| ...3½ 93 | 100 | 95⅜ | 95⅝ | −0⅛ | −0⅛ | 3.93 |
| ...4¼ | 100 | 99½ | 99¾ | −0½ | −0⅛ | 4.30 |
| ...Manhattan 4 93 | 70 | 100¼ | 101 | +0⅛ | +0⅛ | 3.92 |
| ...of Europe 4¼ | 100 | 100⅜ | 100⅝ | −0⅛ | +0¼ | 4.19 |
| ...nerica 3¾ 93 | 80 | 98⅝ | 99 | 0 | +0⅛ | 3.85 |
| ...5 88 | 75 | 101½ | 101¾ | +0¼ | −0¼ | 4.78 |
| ...rk 4½ 90 | 100 | 96½ | 96¾ | −0⅛ | [illegible] | 4.89 |
| ...93 | 100 | 100⅛ | 100⅜ | +0⅛ | −0½ | 4.22 |
| ...m 4¼ 93 | 80 | 99⅝ | 99⅞ | −0⅛ | +0⅛ | 4.27 |
| ...midth 4½ 89 | 25 | 100⅝ | 101 | +0⅛ | −1⅛ | 4.39 |
| ...4½ 93 | 80 | 100 | 100¼ | −0⅛ | −1 | 4.49 |
| ...¼ 93 | 100 | 101⅝ | 101⅞ | −0½ | −0⅛ | 4.33 |
| ...4¾ 89 | 35 | 98⅛ | 98⅜ | −0⅛ | −1 | 4.47 |
| .... NV 3½ 94 | 230 | 93¾ | 94 | −0⅛ | −0¼ | 4.05 |
| ...sia 4¾ 90 | 80 | 97½ | 97¾ | −0½ | −0½ | 5.02 |
| ...ealand 3¼ 94 | 120 | 94⅛ | 94⅜ | −0⅛ | −0⅝ | 4.02 |
| ...Komm. 4¼ 90 | 100 | 101 | 101¼ | −0¼ | −0⅝ | 4.12 |
| ...kia 5 90 | 20 | 102¼ | 102½ | −0⅝ | −1¼ | 4.73 |
| ...ines 4¾ 89 | 50 | 97½ | 98 | 0 | −1 | 5.03 |
| ...k 4½ 90 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 4.34 |
| ...4 91 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ...m 4½ 83 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ...Alpine 4¼ 93 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ...4 83 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ...Bank 4¾ 93 | 250 | 100 | 100¾ | [illegible] | [illegible] | 4.24 |

| ...YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| ...Dev. Bank 5⅞ 88 | 15 | 87⅜ | 88 | 0 | +0⅛ | 7.55 |
| ...alia 5.6 83 | 30 | [illegible] | [illegible] | [illegible] | [illegible] | 6.64 |
| ...5.6 83 | 20 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ...d 5.6 83 | 10 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ...d 6.8 88 | 10 | [illegible] | [illegible] | [illegible] | [illegible] | 7.85 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Nordic I. Bk. 9 84 SDR | 20 | 98¾ | 99½ | −0⅛ | −0⅛ | 9.23 |
| Auto Cote B. 7 93 EUA | 16 | 91½ | 92¼ | 0 | −0⅛ | 7.93 |
| Komm. Inst. 7½ 93 EUA | 15 | 97½ | 98¼ | −0⅛ | 0 | 7.73 |
| Panama 8½ 93 EUA | 20 | 94¾ | 95½ | −0⅛ | −0⅛ | 8.85 |
| SDR France 7 93 EUA | 22 | 94⅝ | 95⅜ | −0⅛ | 0 | 7.59 |
| Algemene Bk. 6½ 83 Fl | 75 | 95⅜ | 95⅞ | 0 | +0¼ | 7.55 |
| CFE Mexico 7½ 83 Fl | 75 | 98⅜ | 98⅞ | 0 | 0 | 8.15 |
| EIB 7¾ 85 Fl | 75 | 94⅞ | 95⅜ | +0¼ | +0¼ | 8.20 |
| New Zealand 6¾ 84 Fl | 75 | 94⅝ | 95⅛ | 0 | +0⅛ | 7.93 |
| Norway 8¼ 84 Fl | 100 | 101 | 101½ | +0⅛ | +0⅜ | 7.93 |
| Elf Aquitaine 9¾ 88 FFr | 150 | 98⅞ | 99⅜ | 0 | +0⅜ | 9.89 |
| EIB 9¾ 88 FFr | 200 | 99 | 99½ | 0 | 0 | 9.86 |
| Norway 9¼ 84 FFr | 200 | 99⅝ | 100⅛ | 0 | +0⅛ | 9.31 |
| PSA Peugeot 9¾ 87 FFr | 175 | 98⅜ | 98⅞ | 0 | 0 | 9.81 |
| Total Oil 9⅜ 87 FFr | 150 | 97⅞ | 98⅜ | 0 | −0⅜ | 9.70 |
| Unilever 10 85 FFr | 100 | 101 | 101½ | −0⅛ | −0⅛ | 9.69 |
| CECA 9¾ 89 £ | 20 | 87¾ | 88¼ | +0⅛ | +0¼ | 11.71 |
| Citicorp 10 93 £ | 20 | 88⅜ | 88⅞ | +0⅜ | +1⅛ | 11.71 |
| EIB 9¾ 88 £ | 25 | 90¾ | 91¼ | +0⅛ | +0⅛ | 11.43 |
| Finance for Ind. 13 91 £ | 15 | 101⅝ | 102⅛ | +0⅛ | +0½ | 12.66 |
| Fisons 10½ 87 £ | 10 | 90¾ | 91¼ | −0⅛ | +0⅛ | 11.89 |
| BAT 8 88 LuxFr | 250 | 97⅝ | 98⅜ | −0⅛ | 0 | 8.37 |
| Bayer Lux. 8 86 LuxFr | 250 | 97⅜ | 98⅛ | 0 | +0⅜ | 8.31 |
| EIB 7¾ 88 LuxFr | 250 | 96⅞ | 97⅝ | 0 | 0 | 8.15 |
| Finland I. F. 8 88 LuxFr | 250 | 97⅛ | 98⅛ | 0 | 0 | 8.37 |
| Norway 7¾ 83 LuxFr | 250 | 97⅛ | 98⅛ | 0 | 0 | 8.33 |
| Norges Km. 8 86 LuxFr | 500 | 99 | 100 | −0⅛ | 0 | 8.08 |
| Renault 7¾ 88 LuxFr | 500 | 96⅞ | 97⅝ | 0 | 0 | 8.15 |
| Solvay Fin. 8 85 LuxFr | 500 | 100 | 101 | 0 | 0 | 7.89 |
| Swedish Bk. 8 88 LuxFr | 500 | 99⅝ | 100⅜ | +0⅜ | +0¼ | 8.01 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Arab Intl. Bank M6.5 83 | 0⅞ | 96¼ | 96¾ | 31/7 | 11.44 | 11.87 |
| BFG Fin. Co. M5.5 89 | 0⅞ | 98⅜ | 98⅞ | 12/7 | 12.4 | 12.57 |
| Bco. El Salvador M6 83 | 1⅛ | 97⅝ | 98⅛ | 12/4 | 11.31 | 11.54 |
| Bco. Nac. Argnt. M6 83 | 0¾ | 99⅝ | 100⅛ | 21/7 | 12¼ | 12.27 |
| Banco Urquijo 6 86 | 0¾ | 97⅝ | 98⅛ | 21/9 | 11½ | 11.73 |
| Bank of Tokyo M5½ 93 | 0¾ | 97⅜ | 97⅞ | 18/4 | 10⅝ | 10.76 |
| Banque Worms M5¾ 86 | 0¾ | 98⅛ | 98⅝ | 15/6 | 12 | 12.20 |
| Bq. E. d'Alg. M6.375 84 | 0¾ | 96⅝ | 97⅛ | 9/8 | 11⅞ | 12.27 |
| Bq. Ext. d'Alg. M7.5 85 | 0⅞ | 95⅛ | 95⅝ | 2/5 | 12¾ | 13.35 |
| Bq. Indo et Suez M5½ | 0¾ | 99⅛ | 99⅝ | 25/7 | 12 | 12.08 |
| Bq. I. Af. Occ. M6.5 83 | 0¾ | 98 | 98½ | 12/7 | 12.4 | 12.62 |
| BNP 5½ 91 | 0¾ | 97⅝ | 98⅛ | 22/2 | 11⅝ | 11.82 |
| CCCE M5.25 98 | 0¾ | 97⅜ | 97⅞ | 3/8 | 11⅝ | 11.65 |
| Ch. Man. O/S M5½ 93 | 0¾ | 97⅞ | 98⅜ | 27/7 | 11.73 | 11.98 |
| Citicorp O/S Fin. 6 94 | 0¾ | 99⅜ | 99⅞ | 8/6 | 11.06 | 11.10 |
| Credit National M5½ 88 | 0¾ | 98⅜ | 98⅞ | 11/7 | 12.31 | 12.48 |
| Gotabanken M6 88 | 0¾ | 98⅛ | 98⅝ | 15/5 | 12.31 | 12.50 |
| Ind. Bk. Japan M5½ 85 | 0¾ | 99⅝ | 100⅛ | 1/8 | 12.35 | 12.33 |
| Ljubljanska M7.75 85 | 1 | 97¼ | 98 | 18/7 | 12.94 | 13.25 |
| LTCB Japan M5¾ 85 | 0¾ | 98⅜ | 98⅞ | 9/5 | 12.06 | 12.12 |
| Midland Intl. M5½ 93 | 0¾ | 98⅜ | 98⅞ | 20/7 | 12⅛ | 12.37 |
| Nat. West. M5½ 90 | 0¾ | 99 | 99½ | 21/6 | 12⅛ | 12.59 |
| Nipp. Crdt. Bk. M5.5 85 | 0¾ | 99⅝ | 100⅛ | 22/6 | 12.81 | 12.81 |
| OKB M5¾ 88 | 0¾ | 99⅝ | 100⅛ | 18/4 | 10.56 | 10.56 |
| Offshore Mining 86 | 0¾ | 98⅞ | 99⅜ | 19/7 | 12.19 | 12.30 |
| Petro Mexicano 7¼ 84 | 0¾ | 98¾ | 99¼ | 24/7 | 12.06 | 12.18 |
| Privredna Banka M8 86 | 0⅞ | 95⅝ | 96⅛ | 22/6 | 13.44 | 13.98 |
| Standard Chrt. M5.5 90 | 0¾ | 97¼ | 97¾ | 10/8 | 11.56 | 11.86 |
| Sundsvallsbnkn. M6 85 | 0¾ | 97¼ | 97¾ | 4/4 | 10.06 | 10.32 |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Asics 5¾ 93 | 9/78 | 628 | 90¼ | 91 | +1⅛ | 5.75 |
| Baker Int. Fin. 5½ 93 | 1/79 | 34 | 112¾ | 113¾ | +1½ | 1.65 |
| Boots 6¾ 93 | 2/79 | 2.16 | 103 | 103¾ | −0½ | −5.20 |
| Ciba-Geigy O/S F 4 94 | 9/79 | 675 | 94⅜ | 95⅛ | +0¼ | −12.71 |
| Coca-Cola Bottling 6¾ | 4/79 | 9 | 86⅜ | 87¼ | +1½ | 10.13 |
| Honda Motor 5½ 89 | 5/79 | 532 | 92⅞ | 93⅝ | +1⅞ | 6.00 |
| Ito-Yokado 5¾ 93 | 6/78 | 1339 | 115¼ | 116¼ | +1⅛ | 0.32 |
| Novo Industri 7 89 | 4/79 | 259 | 89⅞ | 91⅛ | −0⅛ | 11.89 |
| Texas Int. Air. 7½ 93 | 4/79 | 14.5 | 92 | 92½ | +0½ | 8.19 |
| Thorn Int. Fin. 7 88 | 11/78 | 3.67 | 111⅛ | 111⅞ | +0¼ | −2.13 |
| Tyco Int. Fin. 8½ 88 | 9/78 | 21 | 100½ | 101⅛ | +0⅛ | 16.38 |
| Asahi Optical 3½ DM | 12/78 | 588 | 96⅛ | 97⅛ | 0 | −0.75 |
| Casio Co. 3½ 85 DM | 11/78 | 841 | 93⅞ | 94⅞ | +0⅛ | 10.10 |
| Izumiya 3½ 86 DM | 10/78 | 989 | 91⅛ | 92⅛ | +0¼ | 15.52 |
| Jusco 3½ 86 DM | 1/79 | 1154 | 88⅝ | 89⅝ | −0¼ | 22.99 |
| Kansai Elec. 4 84 DM | 4/79 | 1350 | 92½ | 93½ | +0¼ | 11.77 |
| Konishiroku 3½ 85 DM | 1/79 | 612 | 93⅛ | 94⅛ | +0⅛ | 11.33 |
| Marudai Food 3½ DM | 2/79 | 1033 | 90½ | 91½ | +0⅛ | 29.81 |
| Murata M. 3½ 86 DM | 11/78 | 854 | 99¼ | 100¼ | +0⅛ | −3.1 |
| Nipp. Air. 3.5 88 DM | 12/78 | 508 | 87¼ | 88¼ | +0⅛ | 1.73 |
| Nippon Shinpan 3¾ DM | 8/78 | 736 | 96 | 97¼ | +0⅛ | 0.84 |
| Nippon Ysn. 3½ 85 DM | 1/79 | 251 | 94 | 95 | +0⅛ | 6.73 |
| Nissan Diesl. 3½ 86 DM | 2/79 | 477 | 90⅛ | 91⅛ | +0¼ | 10.44 |
| Olymp. Opt. 3½ 85 DM | 2/79 | 703 | 101½ | 102½ | +1⅛ | −1.66 |
| Ricoh 3½ 86 DM | 10/78 | 617 | 95⅞ | 96⅞ | +0⅛ | 15.42 |
| Sanyo Electric 3½ DM | 11/78 | 295 | 91⅛ | 92⅛ | +0½ | 0.12 |
| Sharp Co. 3½ 88 DM | 2/79 | 487 | 96⅛ | 96⅞ | +0¼ | −2.12 |
| Stanley Elec 3½ DM | 11/78 | 623 | 91 | 92 | −0⅛ | 20.38 |
| Tokyo Elec. 3½ 87 DM | 4/79 | 476 | 92⅛ | 93⅛ | +0⅛ | 4.01 |
| Tokyu Ld. Cp. 4 86 DM | 4/79 | 493 | 90¾ | 91¾ | +0⅛ | 8.49 |
| Trio-Knwd. 3½ 86 DM | 11/78 | 711 | 87⅛ | 88⅛ | +0⅜ | 31.07 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# Kloeckner upturn continues

By Jonathan Carr in Bonn

KLOECKNER - WERKE, the West German steel producer and manufacturer, has had an encouraging start to the current year.

The company said that, despite the recent six-week domestic steel strike, the business improvement began last year and had continued in the first five months of the year ended September 30. Earnings had recovered to about the level of 1975.

The parent company cut its losses sharply in 1977-78 to DM 75m ($40m) from DM 106m in the previous year, an improved result but one which, as the board chairman Dr. Herbert Gienow noted, was in no way sufficient.

Total Kloeckner group turnover was up by 3 per cent in 1977-78 to DM 4.2bn. Iron and steel production contributed DM 2.7bn ($2.24bn) (up by 0.8 per cent) and manufacturing DM 1.6bn (up by 6.9 per cent).

One reason for Kloeckner's increased encouragement is the full takeover since the start of this year of Eisenwerk-Gesellschaft Maximilianshuette, the big South German steel producer which has been a Kloeckner majority holding since the start of 1977. The economies already introduced through cooperation between the two enterprises has helped bring "Maxhuette" out of the red since last August. It is expected that continuation of the same policies will save Kloeckner some DM 50m to DM 60m a year.

Further, Kloeckner expects to benefit from the continuation of the change for the better which set in for almost all the West German steel industry last year. Production growth had been above the average for the European Community: the protective measures introduced by the European Commission had been effective and Kloeckner felt that several competitor countries were rethinking their policies of massive state subsidies to the domestic steel industry.

Finally, the Government, Bundesbank and others were agreed that the West German economic upswing would continue with increased investment which would help boost the steel suppliers.

# Philips raises dividend on boost in final quarter

BY JEFFREY BROWN

AN UPSURGE in final quarter earnings has allowed Philips, the major Dutch electrical group, to emerge from 1978 with net profits higher by 12 per cent at Fl 707m ($350.7m).

In the final three months of last year net profits rose by 40 per cent to Fl 276m after dipping by about a sixth in the third quarter. And the final dividend is going up to Fl 1.20 a share to increase the total payment to Fl 1.80 from Fl 1.70.

In volume terms sales increased by 8 per cent and Philips claims that the healthier demand was felt in all group divisions.

The profit figures have gained from a broader spread during the year of special cost items which totalled Fl 1.01bn, compared to Fl 1.03bn in 1977. Last year these items were charged more evenly throughout the year whereas in 1977 the main burden of cost fell to the final quarter.

Philips reports that its performance in 1978 was generally in line with expectations. An increase in sales volume of about 8 per cent was reasonable in the light of the "not very favourable economic situation."

Against the year's results Philips has charged Fl 297m because of adverse foreign exchange movements, compared with Fl 308m in 1977.

To bring the method of creating provisions more into line with international practice, Fl 30m was credited to the profit and loss account after tax last year. For the same reason, the method of treating goodwill was changed so that it is written off in a maximum of five years.

As a result of this change, some Fl 26.5m was capitalised and therefore not charged to 1978 results.

Philips is the largest manufacturer of electrical goods outside the U.S. Products are divided into 12 main divisions with the emphasis on consumer goods like televison sets. This category of product accounted for nearly half of total trading profits in 1977.

# Saleninvest makes higher loss

BY VICTOR KAYFETZ IN STOCKHOLM

SALENINVEST, the Swedish shipping group, recorded a pre-tax los of SKr 343m ($79m) for 1978, failing to meet a forecast in September's half-year report that the year's deficit would be smaller than the SKr 255m of 1977. The board recommended that the dividend be passed for the second year running.

Of the year's shortfall before tax, SKr 276m was attributable to the second half, when Saleninvest lost SKr 87m on sales of ships and SKr 16m on the cancellation of unprofitable charter contracts, as well as recording SKr 38m in extra depreciation on dry cargo vessels and tankers sold for delivery during 1979.

Sales rose by 10.5 per cent to SKr 2.25bn ($517m). Saleninvest said that an upswing on the tanker and dry cargo markets during the autumn and winter had sharply increased the market value of its entire fleet, bringing it to about SKr 500m above book value.

Year-end group liquidity was just SKr 9m short of Saleninvest's target of SKr 200m, but "in addition to this, there are promises of loans of about SKr 700m which may be used gradually during the period 1979-1982," the company said.

Appropriations included SKr 192m representing the difference between booked and planned depreciation against SKr 155m in 1977. The group showed a final net loss of SKr 21m for 1978 after breaking even the previous year.

Saleninvest said that "measures undertaken within the group will substantially reduce losses during 1979. If the upswing for Tankers and dry cargo continues, earnings may approach zero."

The company warned, however, that uncertainty regarding oil production in the Middle East made market trends particularly difficult to assess and any earnings forecast should thus be strongly qualified.

● Den Norske Creditbank of Oslo raised its group net profit to DKr102.2m ($19.7m) from DKr85.3m, Reuter reports. The dividend is unchanged at DKr11m. The balance sheet total was DKr 15.02bn at the end of 1978 against DKr13.7bn.

Creditbank said the DKr65m capital rise to DKr520m through a one-for-seven rights issue at pay carrying full dividend entitlement for 1979 will take place next month.

# RSV in Government talks

AMSTERDAM — The troubled Dutch shipping group, RSV, is again discussing its civil shipbuilding problems with the Dutch Government following a slower than expected intake of new orders.

An RSV spokesman declined to comment in detail on proposals made in the latest talks. State aid of over Fl 400m was recently agreed for RSV, including Fl 80m for a state shareholding of roughly 40 per cent. RSV is the largest shipbuilding group in Holland.

There has been no revival in civil shipbuilding and RSV is looking for an alternative to prevent closing its Verolme Dok-en Scheeps-Bouw Muj BV (VDSM) operations in Rotterdam, the spokesman said. VDSM employs about 2,800 of RSV's total workforce of more than 23,000 in Holland.

RSV is due to announce its 1978 results at the end of this month or early in April. It made a Fl 49.6m net loss in 1977.

Reuter

# French aerospace recovery

By Terry Dodsworth in Paris

A BIG FINANCIAL turnaround at Aerospatiale, the French state-owned aerospace company which has made losses for seven consecutive years, has opened up the prospect that it will break into a small profit this year.

The company's forecast follows a year of radically improved business activity which is likely to see losses reduced to FFr 100m ($23.3m) compared with the FFr 447.4m of 1977. Turnover for 1978 will be about FFr 10bn, against FFr 9.5bn last year, and may go up to FFr 12bn this year.

This retrenchment has been mainly due to the group's missile division. But in the future the company is clearly looking towards better results from the aircraft manufacturing branch, where activity is expanding rapidly to cope with the increased orders for the European Airbus.

At the moment, Aerospatiale says that the Airbus, which it assembles as a sub-contractor to the European Airbus Consortium, is still losing money. Whereas former losses were caused by underemployment, the increase in overheads connected with the upswing in output has led to increased production costs.

Long-term profitability from aircraft prodiction will depend on the Airbus Consortium's success in maintaining the present strong order book.

Given the current order intake, output of the Airbus is expected to increase from 2.25 aircraft a month at present, to about eight or nine a month by 1983, when the A310 version of the airliner will be fully on stream alongside the A300. But the project is not expected to be profitable until some 360 units have been produced.

The aircraft division is also looking into the possibility of increased sub-contracting to reduce costs.

Aerospatiale is intending to increase its annual investment to FFr 500m both this year and in 1980. A little more than half of this will be devoted to the aircraft division in 1979.

# Daimler-Benz expansion plan approved

By Our Bonn Correspondent

THE SUPERVISORY Board of Daimler - Benz yesterday approved a five-year (1979-1983) investment programme totalling about DM 10bn ($5.4bn).

The investment will be aimed at a further increase in car production and at expanding all aspects of the company's programme.

Daimler-Benz has already announced plans to expand car production this year to about 420,000 units. Last year, because of the long strike in Baden-Wuerttemberg, production slipped to 393,000 units after more than 401,000 in 1977.

The company also said that the supervisory board would discuss on April 26 the question of a successor to Dr. Joachim Zahn, the executive chairman, who has reached retiring age. It is not yet decided who the successor will be, but it is expected he will be appointed from within the company.

# Carrefour to quit Germany

By Our Paris Staff

CARREFOUR, the French hypermarket group, has decided to pull out of West Germany and concentrate its overseas expansion elsewhere.

The decision follows three years of disappointing results from Interkauspark, a German company in which Carrefour took a 20 per cent stake in 1976.

"The German operation was not run according to our management policies," Carrefour said. "We now intend to concentrate our overseas development on two countries, Brazil and Spain."

Carrefour's decision appears to be tied to a desire to exercise direct control over its foreign interests. In Spain, where its development started in 1973, and Brazil (1975), it has retained overall management direction.



# Earnings up at European Banking Company

BY WILLIAM HALL

AFTER A sharp setback in 1977 the European Banking Company, a London-based consortium bank owned by six of Europe's leading banks, increased its pre-tax profits by 15 per cent to £2.1m ($1.03m) in 1978. However, the bank has passed its dividend.

The bank said that in order to ensure an orderly build-up of shareholders funds, permitting the bank to expand its business base, it has decided to retain all of its 1978 profits. In 1977, the bank paid a 4.16 per cent dividend costing £500,000.

Mr. W. R. Slee, an executive director, said the decision not to pay a dividend was "purely an exercise in logic and common sense as opposed to being a measure of whether we have had a good or bad year."

In common with Orion Bank, which recently reported static profits, EBC's profits were hit by the decline in the dollar. Had the currency been stable, EBC's profits would have risen by 25 per cent and Orion's by 19 per cent.

Although EBC's balance sheet total fell by 3 per cent to £308.6m, its medium-term loans rose by 25 per cent and its intention of gearing up this side of its business helps to explain the omission of a dividend. Although the bank's profits were still a third below the 1976 peak of £3.1m, Mr. Slee said that the bank has had its "best year ever." For the first time, the bank was ranked amongst the ten most active lead managers in the Eurobond market.

Eurobraz, a leading Latin American consortium bank, which also suffered a profits setback in 1977, yesterday reported a 74 per cent increase in 1978 pre-tax profits to £5.5m. It increased its loans by 19 per cent to £295m and its total assets by a similar amount.

# Domestic and foreign sales rise for Siemens

BY OUR FINANCIAL STAFF

A RISE in sales of 3 per cent to DM10.1bn ($5.43bn) for the first five months of this year was announced yesterday by Siemens, the West German electrical group.

The news, given at the annual shareholders' meeting, implies a significant upturn in demand for the group since over the first quarter of this year sales were little better than maintained. Shareholders were told that the upturn stemmed from 3 per cent growth at home and 2 per cent abroad.

Incoming orders rose 1 per cent to DM11.7bn with domestic orders registering a 7 per cent increase while orders from abroad declined 4 per cent. The group saw no reason to revise its forecast of a 5 per cent increase in group turnover and new order inflow for this year made at the annual Press conference in February.

The future of Siemens' energy subsidiary, Kraftwerk Union, hinges on "whether governments of West Germany and other countries will oppose or authorise expansion of their nuclear energy programmes." Shareholders were told that delays in implementing projects will adversely affect KWU's chances of returning to profitability and will lead to job losses in the company and serious shortages in power supply.

# Bayernverein profits advance

BY OUR BONN CORRESPONDENT

BAYERISCHE VEREINSBANK, the Munich-based bank which is one of West Germany's largest, raised its net profit by 18 per cent in 1978 to DM 79.4m ($42.5m).

The unchanged dividend of DM 9 per DM 50 share, to which must be added (for domestic shareholders) the proceeds of a tax credit, makes a total cash payment of DM 14.06, or 28.1 per cent per share.

The maintained dividend, despite the strong increase in profits, underlines the cautious policy of the bank in view of the exceptional growth of business volume.

Bayerische Vereinsbank has embarked on a period of consolidation in its foreign operations this year and is not considering for the time being any office expansion abroad, Herr Peter Reimpell, the management Board member for foreign affairs said.

The bank's business abroad continues to register substantial growth and business volume reached DM 3bn after DM 2 bn in 1977, of which 80 per cent stemmed from its five U.S. offices, he added.

The balance sheet totals of both the parent bank and the group rose faster in 1978 than they had a year earlier, the former by 15.5 per cent to DM 43.1bn and the latter by 16.2 per cent to DM 75.9bn.

In view of this growth Bayernverein implemented a further basic capital increase—by DM 45m to DM 360m, so that the maintenance of an unchanged dividend implies a payout higher by DM 7.3m than that for 1977.

The same caution is reflected in the decision to pay a total of DM 20m from net profit into reserves against DM 15m a year before.

One key factor in the expansion of group business has been the takeover by Bayernverein of Gebr. Roechling Bank, which has 17 branches in the states of Saar and Rhineland Palatinate. It thus gives the Bavarian bank, albeit indirectly, a presence in a part of the country where it had not been active so far.

Trading in the bank's securities brokerage division increased at a substantial pace over the year, reflecting primarily the greater attractiveness of the domestic stock market than in recent years, it said.

Despite the upward trend in interest rates, business in fixed interest securities showed outstanding growth last year.

هكذا من الأصل

# INTERNATIONAL COMPANIES and FINANCE

KELVINATOR AUSTRALIA

## The battle moves to the market place

AMES FORTH IN SYDNEY

TAKEOVER battle for the ıl appliance maker, Kelvinator Australia, heated up ty. Email withdrew its 'or a formal offer but by the heavy turnover stock exchanges, the as moved to the market

e same time, Kelvinator ught forward its results, e directors predicting a ent increase in earnings -79 and proposing a one-scrip issue and a sharp he dividend payout.

, which purchased about nt of Kelvinator's capital itely after revealing its n to make a bid, ed, early yesterday, that it was not proceeding with its formal bid of one Email share plus 40 cents cash and a 4 cents dividend, equal to A$1.54 a Kelvinator share.

The struggle spilled over to the sharemarket with two broking firms vying for Kelvinator scrip. McIntosh Griffin Kamson, which had been buying for several days, reportedly on behalf of interests friendly to Kelvinator, was joined by Potter Partners, thought to be buying for Email. With the formal bid scrapped, Email is free to buy on the market without daily disclosure, although it must notify changes in substantial shareholdings each fortnight once it obtains more than 10 per cent of the capital. A total of about 2.3m Kelvinator shares were traded, or more than 14 per cent of the capital.

Potter is thought to have purchased about 800,000 shares, which would lift Email's stake to nearly 15 per cent, if the buying was on its behalf. McIntosh obtained the other 1.5m, which would give its clients close to 1[illegible] per cent of the capital.

The price of Kelvinator shares jumped from A$1.82 to a peak of A$2.08. If Email has been buying and intends to make a new offer once it has obtained a sufficient stake, it would have to match the highest price paid in the market, or wait for three months before making an offer.

Most of the selling would have come from institutional holders, but the largest shareholders, White Consolidated, with 10 per cent of the capital, and the second largest, the life office AMP Society with just over 7 per cent, have not yet sold.

Both Email and Kelvinator produce goods under licence from White, and the South Australian Government has asked White to consider that the state government is "perturbed" by the possibility of control of the Adelaide-based Kelvinator falling to the Sydney-based Email.

Late in the day, the Kelvinator board met and released the estimated profit result for the year to March "in view of the need to keep shareholders fully informed." The directors said that the estimates indicated that after-tax profit would rise from last year's A$2.15m to about $3.4m, which would be a record.

The directors had decided to recommend a one-for-two scrip issue and to lift the annual dividend from 6.25 cents a share to 10 cents. The final payout of 7.5 cents would be paid on the increased capital, and the directors expected to maintain the 10 cents rate on the higher capital. They said that the budget for 1979-80 indicated an excellent continuing outlook

## onus and ghts from OCBC

F. Lee in Singapore

erseas Chinese Banking tion (OCBC)—one of four " Singapore banks rned in a strong profit for 1978.

profit after tax, trans- minorities for the year December 1978 surged er cent to S$49.2m 5m).

with its figures, OCBC nounced a bonus-cum- sue and higher dividend . The bonus issue of ive and the rights issue or-five at S$3 per share se the group's issued from S$136.42m to m.

roup has declared a final vidend of 7 per cent and lividend of 8 per cent ith the interim of 5 per kes 20 per cent for the inst 17 per cent.

said it expects to main- dividend on the enlarged at not less than 17 per

he bank itself, profit x for the full year was per cent to S$36m, a growth rate to last year. 's performance is closely with the strong growth ed by Singapore's bank- istry last year.

ing the league among the ur' is the Development f Singapore (DBS) with th rate of 80 per cent. er two banks, the Over- tion Bank and the United s Bank, registered group es of 30 per cent and cent respectively.

l Oil Singapore (Pte), a ry of Mobil Corporation U.S., is considering a US$100m investment to the output of its Jurong , reports Reuter

ver, the project, involv- construction of a vis- to convert fuel oil to distillates such as diesel, and kerosene, is still planning stage.

## ıst fund for all investors

— Nomura Securities ty is inviting subscrip- a new Y50bn investment and designed to attract investors' money into condary national bond

10-year trust fund will invest 50 per cent in bonds, mainly national and 50 per cent in stocks, stocks will be sold later ng to a prescribed a to increase investments ic bonds. Reuter

## Improved performance by CPH

BY OUR SYDNEY CORRESPONDENT

CONSOLIDATED PRESS Holdings, the media and leisure group, best known for the World Series Cricket established by the chief executive, Mr. Kerry Packer, boosted earnings by 27 per cent from A$5.97m to A$7.6m (U.S.$8.5m) in the December half-year.

The impetus for the improved performance came from the 80 per cent owned Publishing and Broadcasting (P and B), which used to be known as Television Corporation. P and B lifted its profit 26 per cent from A$6.65m to A$8.4m. Australian Consolidated Press, a subsidiary of P and B, which publishes the magazines, Australian Women's Weekly and The Bulletin, edged earnings up from A$3.48m to A$3.54m.

Consolidated Press Holdings (CPH) said that all the group's activities, including the television stations, improved earnings. World Series Cricket had substantially reduced its losses. "We took more people at the gate, our costs were down and our advertising revenue increased.

CPH has already announced an unchanged 10 cents interim dividend, P and B's payout in the same period was unaltered at 5 cents a share.

## Gollin directors were 'justified'

BY OUR SYDNEY CORRESPONDENT

THE DIRECTORS of Gollin Holdings, the failed group, were justified in telling the Sydney Stock Exchange that they knew of no reason for a sharp fall in the price of the company's shares in September, 1975, although they were aware the company would suffer a substantial loss for the year, a government-appointed investigator, Mr. John Spender decided in his final report into the A$120m (US$134m) collapse of Gollin in 1976.

Gollin was asked by the Sydney Exchange whether the directors knew of any reasons for the price variations and whether there were any matters of importance pending announcement. Both questions were answered in the negative.

"The question is whether the replies made were justified," Mr. Spender says. "On balance, I have come to the conclusion — and not without some doubt— that they were."

"It seems to me that the announcement of either an unquantified loss or a loss with a bottom but no upper limit would have caused greater uncertainty in the minds of investors and would have been calculated to provoke a false or, indeed, panicky market in Gollin shares than the answer actually given in fact caused."

The report contains a number of recommendations for changes to existing laws and practices in company reporting takeover laws and directors' responsibilities.

It recommends that every public company establish an audit committee which would be chaired by an outside director and composed of a majority of outside directors.

It is recommended that the law be changed so that listed companies be required to report half yearly to the Corporate Affairs Commission, the Stock Exchange and shareholders. Also recommended is a range of changes on takeover issues, based on the City of London code.

The report also referred to a meeting between Gollin directors and institutional investors in April, 1975. It found that the institutional investors unquestionably got preferential treatment at those meetings, because of their individual and combined financial strength.

## City and Urban earnings a third higher

BY ANTHONY ROWLEY IN HONG KONG

CITY AND URBAN Properties, a member of the Hutchison Whampoa group, increased its consolidated after-tax profits by 33 per cent in 1978 to HK$67.99m (U.S.$13.8m).

However, the deduction of extraordinary items reduced the increase to 25 per cent, and the profit figure for 1978 to HK$57.63m.

Extraordinary items included the write-off of an amount of HK$9.72m "relating to property previously held as an investment and now substantially sold," City and Urban said.

The Board is recommending a final dividend of 8 cents a share, against 6 cents in the previous year. This will make a total distribution for the year of 13 cents against 10 cents in 1977.

A proposed merger of City and Urban and Hutchison Properties — both are subsidiaries of Hutchison Whampoa —is currently blocked by a legal objection raised late last year by Tai Cheung Properties, which holds 20 per cent of City and Urban. Tai Cheung petitioned the Hong Kong Supreme Court to wind up City and Urban.

* * *

HONGKONG and Kowloon Wharf's subsidiary, Harbour Centre Development, raised its 1978 net profit 29.9 per cent to HK$ 35.76m (U.S.$7.7m) and has proposed a HK$1.05 dividend, to make a 1978 total of HK$1.55, up from HK$1.30 in the previous year, writes Hugh Peyman from Hong Kong.

Earnings per share rose to HK$1.70 from HK$1.31 in the previous year.

Harbour Centre Development said that as the tourist industry is expected to continue to flourish in 1979, it expects the company to be well placed to achieve further steady profit growth.

## Cyanamid India to fund plant by dilution

BY K. K. SHARMA IN NEW DELHI

CYANAMID INDIA, pharmaceutical company which has collaboration arrangements with American Cynamid, is to diversify its activities into the field of agro-chemicals by setting up a Rs 20m ($2.5m) plant for manufacturing organo-phosphates.

Funds for the project will be obtained through the sale of 683,924 equity shares of a nominal value of Rs 10 each at a premium of Rs 12 per share. About two thirds of the existing shares are owned by American Cyanamid and the rest by Atul Products, the Indian partners.

The issue will mean a dilution of the company's foreign holdings. Cyanamid India will thus be among the first pharmaceutical companies so to dilute, although the main problem of reducing foreign holdings relates to drugs companies which are wholly foreign owned.

The company, which was incorporated in 1947 under the name of Lederle Laboratories, changed its name to Cyanamid India in 1962. With the proposed dilution of equity, the company will sever its connection with the Lalbhai Group, and will thus no longer face restrictions under the Monopolies and Restrictive Trade Practices Act. It plans further expansions in fine chemicals, to be financed from internal sources.

## Tiger Oats income rises 26.8%

By Jim Jones in Johannesburg

TIGER OATS, South Africa's major diversified food group, has reported a 36.1 per cent increase in group turnover to R750m ($888m) for the year to December 31, from R551m in 1977. Including associated companies, which takes in the 30 per cent interest in J. Bibby, turnover improved by 34.8 per cent to R1.51bn, from R1.12bn.

Despite the substantial turnover increases, group pre-tax trading profit recorded an increase of only 26.8 per cent, to R42.7m ($50.5m), from R33.7m. The group continues to face increasingly competitive market conditions, which have led to excess capacity in the food industry, while demand for consumer products is emerging but slowly from the troughs of the country's recession.

Another profit-retarding influence was the opening of two new large processing plants with their attendant start-up costs. However, Mr. Rudi Frankel, the chairman, says that both plants are now operating efficiently and should make a full contribution to Tiger's profits during the current year.

Tiger is reaching the end of its R150m capital expenditure programme, though it seems unlikely that this will result in any slackening of the group's conservative dividend cover policies.

From 1978 earnings per share of 224 cents (1977: 202 cents), dividends totalling 58 cents (52 cents) were declared, putting the share on a 4.8 per cent yield at its current price of 1,200 cents in Johannesburg.

## Murray and Roberts warns on final payout

By Our Johannesburg Correspondent

MURRAY AND ROBERTS, the holding company of South Africa's largest construction and civil engineering group, reports taxed earnings for the six months to December 31 were only 3.8 per cent higher at R7.48m ($8.86m) than the R7.20m for the corresponding 1977 period.

Mr. Douglas Roberts, the chairman, expects earnings for the full year to be better than the R14.45m achieved in the year ended June 30, 1978, but this may not be fully reflected in improved dividends. In a move to narrow the gap between the final and interim dividends, an 8 cents (6 cents) interim has been declared from first half per share earnings of 35 cents (32 cents). But this is accompanied by the warning that a similar increase on last year's 19.5 cents final should not be expected.

Murray and Roberts is still awaiting the effects to come through of the revival in construction activity. Meanwhile, more diversification is expected as the company holds 50 per cent of Manchusar Holdings, the food and wholesaling group.

## Bateman holds payout as profits rise

By Jim Jones in Johannesburg

EDWARD L. BATEMAN, the South African mechanical and electrical engineers, raised its earnings and turnover in the first half of its financial year, but is to hold its interim dividend at the previous 8 cents a share, in view of a falling-off in new business.

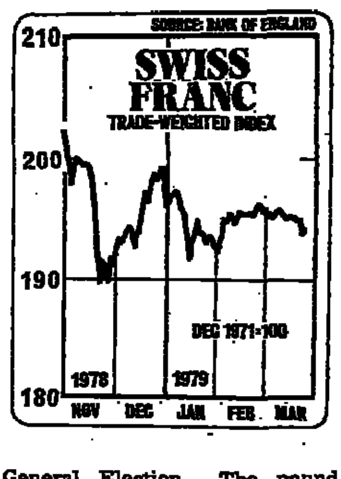
In the six months to December 31, Bateman recorded turnover of R58.2m ($69m), compared with R53.9m for the corresponding period of 1977 and R135.4m in the year to June 30, 1978. This resulted in improved attributable taxed earnings of R1.93m ($2.3m) against R1.21m in the six months to end-December and R3.25m for the full year 1977-78. Earnings per share rose to 74.8 cents from 47.2 cents in the first half of 1977-78. For the year to June 30 last, total dividends of 26 cents were declared from 139 cents earnings per share.

The group, it is said, has experienced a substantial drop in new business in the past six months.

# CURRENCIES, MONEY and GOLD

## Dollar easier

The dollar was generally weaker, while sterling showed little change in quiet foreign exchange trading yesterday. The pound's trade-weighted index, as calculated by the Bank of England, was unchanged throughout at 64.9. In terms of the dollar, sterling opened at \$2.0325-2.0330, and touched a high point of \$2.0355-2.0365. It then eased to a general trading level of around \$2.0330, and fell to \$2.0305-2.0315, apparently on U.S. fears that Mr. Callaghan was about to call a General Election. The pound closed at \$2.0330-2.0340, a rise of 20 points on the day. Forward sterling was also steady, with the three-month discount against the dollar narrowing slightly to 0.85 cent from 0.88 cent.




On Bank of England figures the dollars' index fell to 84.6 from 84.8. The U.S. currency fell to DM1.8635 against the D-mark from 1.8685, and to SwFr 1.6875 from SwFr 1.6940 in terms of the Swiss franc. The dollar also lost ground against the Japanese yen, closing at Y205.60, compared with Y207.20 previously. It touched Y205.30 during the day, the lowest level this week.

In the EMS the Italian lira remained the strongest currency, but was not as firm as on Wednesday. Its rise against the D-mark was cut back to L451 from L450.27½ previously, and compared with a central rate of L458.137. The Irish punt improved to L1,709 from L1,708.75 (central rate L1,735.8); the Dutch guilder to L418.05 from L417.57½ (L422.754); the Belgian franc to L28.56 from L28.52 (L29.15); the French franc to L196.05 from L195.70 (L198.37); and the Danish krone to L162.00 from L161.74 (L162.32). In terms of European Currency Units, based on individual performances against central rates, the lira was stronger than the D-mark by 1.36 per cent, compared with 1.57 per cent previously; the punt by 1.43 per cent (1.20 per cent); the guilder by 0.97 per cent (1.06 per cent); the Belgian franc by 1.92 per cent (2.09 per cent); the French franc by 1.12 per cent (1.20 per cent); and the Danish krone by 0.02 per cent (0.14 per cent).

MILAN—The lira ended a run of upward movements against other members of the EMS, losing ground slightly against most currencies at the fixing. Trading was quiet with no significant intervention by the Bank of Italy. The D-mark rose to L450.66 at the fixing from L449.91 previously, but the dollar and sterling were a little weaker. The dollar fell to L839.55 from L840.70, and the pound eased to L1,708.15 from L1,711.75.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM 1.8620, compared with DM 1.8675 previously. Trading was within a narrow band, with the slight weakening of the dollar ascribed to reports that Saudi Arabia has called for all-out war against Israel. The market was quiet and thin, and the U.S. currency declined slightly further to DM 1.8610 by late afternoon.

TOKYO—The dollar eased slightly, closing at Y207.07½, compared with Y207.22½ on Tuesday. The market was closed on Wednesday for a national holiday. The U.S. currency opened at Y207.20, its best level of the day, and drifted down, touching a low point of Y206.95. The Bank of Japan did not intervene in the market.

### THE DOLLAR SPOT AND FORWARD

| March 22 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.0305-2.0365 | 2.0330-2.0340 | 0.43-0.33c pm | 2.24 | 0.90-0.80 pm | 1.67 |
| Ireland† | 2.0305-2.0365 | 2.0330-2.0340 | 0.43-0.33c pm | 2.24 | 0.90-0.80 pm | 1.67 |
| Canada† | 85.66-85.71 | 85.66-85.69 | 0.5-0.3c pm | 0.56 | 0.8-0.5 pm | 0.30 |
| Nethlnd. | 2.0075-2.0108 | 2.0075-2.0090 | 0.73-0.63c pm | 4.06 | 2.05-1.95 pm | 3.98 |
| Belgium | 29.42-29.45 | 29.42-29.43 | 8½-7c pm | 3.16 | 23½-22 pm | 3.09 |
| Denmark | 5.1835-5.1865 | 5.1835-5.1850 | par-0.50ore dis | −0.58 | 1.50-2.00dis | −1.35 |
| W. Ger. | 1.8610-1.8645 | 1.8630-1.8640 | 1.03-0.93pf pm | 6.31 | 2.89-2.79 pm | 6.10 |
| Portugal | 48.00-48.15 | 48.05-48.15 | 35-50c dis | −10.60 | 100-165dis | −11.02 |
| Spain | 68.90-69.00 | 68.90-68.95 | 5-15c dis | −1.74 | 25-35 dis | −1.74 |
| Italy | 839.50-840.00 | 839.50-840.00 | 0.50-0.80lire dis | −0.93 | 1.20-1.70dis | −0.69 |
| Norway | 5.1010-5.1055 | 5.1010-5.1020 | 1.30-0.80ore pm | 2.47 | 2.15-1.65 pm | 1.49 |
| France | 4.2880-4.2915 | 4.2860-4.2875 | 1.20-1.10c pm | 3.22 | 3.02-2.87 pm | 2.73 |
| Sweden | 4.3660-4.3685 | 4.3660-4.3670 | 0.85-0.65ore pm | 2.06 | 2.40-2.20 pm | 2.11 |
| Japan | 205.30-206.80 | 205.55-205.65 | 0.95-0.85y pm | 5.25 | 2.95-2.85 pm | 5.64 |
| Austria | 13.65½-13.68½ | 13.65½-13.66 | 6½-5½gro pm | 5.38 | 19½-17½ pm | 5.42 |
| Switz. | 1.6830-1.6900 | 1.6870-1.6880 | 1.50-1.40c pm | 10.31 | 4.40-4.30 pm | 10.31 |

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not the individual currency.

### THE POUND SPOT AND FORWARD

| March 22 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.0305-2.0365 | 2.0330-2.0340 | 0.43-0.33c pm | 2.24 | 0.90-0.80 pm | 1.67 |
| Canada | 2.3705-2.3760 | 2.3745-2.3755 | 0.40-0.30c pm | 1.77 | 0.85-0.75 pm | 1.35 |
| Nethlnd. | 4.07½-4.10½ | 4.08-4.09 | 2½-1½c pm | 5.88 | 6-5 pm | 5.39 |
| Belgium | 59.75-59.95 | 59.80-59.90 | 30-20c pm | 5.01 | 75-65 pm | 4.68 |
| Denmark | 10.53-10.56 | 10.54-10.55 | 1½ore pm-½ore dis | 0.57 | 1½ pm-½ dis | 0.19 |
| W. Ger. | 3.78-3.81 | 3.78¾-3.79¾ | 3¼-2¼pf pm | 8.31 | 7¾-6¾ pm | 7.65 |
| Portugal | 97.40-97.90 | 97.50-97.80 | 30-100c dis | −7.99 | 80-220 dis | −6.14 |
| Spain | 140.15-140.45 | 140.15-140.25 | 10c pm-40c dis | −1.28 | par-120 dis | −1.71 |
| Italy | 1,705-1,709 | 1,707¼-1,708¼ | 2 lire pm-par | 0.70 | 4-2 pm | 0.70 |
| Norway | 10.37-10.39 | 10.37¾-10.38¾ | 5-3ore pm | 4.62 | 8¾-6¾ pm | 2.99 |
| France | 8.71-8.73½ | 8.71½-8.72½ | 4½-3½c pm | 5.50 | 9¾-8¾ pm | 4.24 |
| Sweden | 8.86½-8.89½ | 8.87½-8.88½ | 3¾-1¾ore pm | 3.71 | 8¾-6¾ pm | 3.49 |
| Japan | 416-423 | 417¾-418¾ | 2.80-2.50y pm | 7.60 | 7.77-7.40 pm | 7.61 |
| Austria | 27.72-27.82 | 27.75-27.80 | 22-12gro pm | 7.34 | 52-42 pm | 6.77 |
| Switz. | 3.42½-3.45 | 3.43-3.44 | 4-3c pm | 12.23 | 10¾-9¾ pm | 11.50 |

Belgium rate is for convertible francs. Financial franc 60.55-60.65. Six-month forward dollar 1.42-1.32c pm: 12-month 2.70-2.60c pm

### CURRENCY RATES

| March 21 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 13 | 0.631406 | 0.662419 |
| U.S. $ | 9½ | 1.28589 | 1.34842 |
| Canadian $ | 11¼ | 1.50085 | 1.57495 |
| Austria Sch. | 3¾ | 17.5988 | 18.4531 |
| Belgian F | 6 | 37.9257 | 39.7986 |
| Danish K | 8 | 6.68029 | 7.00841 |
| D mark | 3 | 2.40028 | 2.51912 |
| Guilder | 6½ | 2.58922 | 2.71612 |
| French Fr | 9½ | 5.52482 | 5.79652 |
| Lira | 10½ | 1080.61 | 1134.02 |
| Yen | 3½ | Unavil. | 279.864 |
| Nrwgn. K | 7 | 6.57554 | 6.89716 |
| Spanish Pes. | 8 | 88.7647 | 93.0746 |
| Swedish Kr. | 6½ | 5.61839 | 5.89856 |
| Swiss Fr. | 1 | 2.17188 | 2.28153 |

### CURRENCY MOVEMENTS

| Mar. 22 | Bank of England Index | Morgan Guaranty changes % |
|---|---|---|
| Sterling | 64.9 | −39.5 |
| U.S. dollar | 84.6 | −8.7 |
| Canadian dollar | 80.6 | −16.8 |
| Austrian schilling | 146.8 | +19.5 |
| Belgian franc | 114.6 | +15.0 |
| Danish kroner | 118.1 | +6.9 |
| Deutsche Mark | 150.3 | +41.8 |
| Swiss franc | 194.2 | +81.2 |
| Guilder | 125.1 | +20.8 |
| French franc | 99.4 | −6.3 |
| Lira | 54.4 | −49.2 |
| Yen | 140.3 | +38.9 |

Based on trade weighted changes from Washington agreement December, 1971. (Bank of England index=100).

### OTHER MARKETS

| Mar. 22 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 2310-2330 | 1136-1146 | Austria | 27¼-28¼ |
| Australia Dollar | 1.8135-1.8175 | 0.8920-0.8940 | Belgium | 60¼-61¼ |
| Brazil Cruzeiro | 46.59-46.59 | 22.42-22.91 | Denmark | 10.53-10.63 |
| Finland Markka | 8.08-8.10 | 3.9734-3.9833 | France | 8.68-8.78 |
| Greek Drachma | 73.751-75.546 | 36.27-37.15 | Germany | 3.72-3.82 |
| Hong Kong Dollar | 10.02-10.04 | 4.9275-4.9375 | Italy | 1,680-1,730 |
| Iran Rial | 146.41-151.76 | 72-75 | Japan | 420-430 |
| Kuwait Dinar (KD) | 0.555-0.565 | 0.2755-0.2756 | Netherlands | 4.06-4.16 |
| Luxembourg Frc. | 59.80-59.90 | 29.42-29.44 | Norway | 10.32-10.42 |
| Malaysia Dollar | 4.47-4.48 | 2.1960-2.2030 | Portugal | 93-98 |
| New Zealand Dlr. | 1.9290-1.9350 | 0.9486-0.9515 | Spain | 140.00-145.00 |
| Saudi Arab. Riyal | 6.78-6.88 | 3.3605-3.3610 | Switzerland | 3.38-3.48 |
| Singapore Dollar | 4.42¼-4.44 | 2.1750-2.1835 | United States | 2.0300-2.0400 |
| Sth. African Rand | 1.7109-1.7216 | 0.8413-0.8466 | Yugoslavia | 39½-42½ |

Rate given for Argentina is free rate.

### EXCHANGE CROSS RATES

| Mar. 22 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild'r | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.034 | 3.793 | 418.3 | 8.720 | 3.435 | 4.085 | 1708. | 2.375 | 59.85 |
| U.S. Dollar | 0.492 | 1. | 1.865 | 205.7 | 4.288 | 1.689 | 2.009 | 839.8 | 1.168 | 29.43 |
| Deutschemark | 0.264 | 0.536 | 1. | 110.3 | 2.299 | 0.906 | 1.077 | 450.3 | 0.626 | 15.78 |
| Japanese Yen 1,000 | 2.391 | 4.862 | 9.068 | 1000. | 20.85 | 8.213 | 9.767 | 4083. | 5.678 | 143.1 |
| French Franc 10 | 1.147 | 2.332 | 4.349 | 479.6 | 10. | 3.939 | 4.685 | 1958. | 2.724 | 68.64 |
| Swiss Franc | 0.291 | 0.592 | 1.104 | 121.3 | 2.539 | 1. | 1.189 | 497.2 | 0.691 | 17.42 |
| Dutch Guilder | 0.245 | 0.498 | 0.928 | 102.3 | 2.135 | 0.841 | 1. | 418.1 | 0.581 | 14.65 |
| Italian Lira 1,000 | 0.585 | 1.191 | 2.221 | 244.9 | 5.106 | 2.011 | 2.392 | 1000. | 1.391 | 35.05 |
| Canadian Dollar | 0.421 | 0.856 | 1.597 | 176.1 | 3.672 | 1.446 | 1.720 | 719.1 | 1. | 25.20 |
| Belgian Franc 100 | 1.671 | 3.398 | 6.337 | 698.8 | 14.57 | 5.739 | 6.825 | 2853. | 3.968 | 100. |

### EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.30-10.40 per cent; three months 10.35-10.45 per cent; six months 10.70-10.80 per cent; one year 10.60-10.70 per cent.

| Mar. 22 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| †Short term | 13⅛-13⅜ | 10⅛-10⅜ | 9-10 | 6½-7 | ⅛-¼ | 3 15/16-4 1/16 | 6½-6¾ | 7-10 | — | 3⅞-10⅜ |
| 7 day's notice | 13-13¼ | 10¼-10½ | 9-10 | 5¾-6 | ¼-⅝ | 4 1/16-4⅛ | 6⅝-6⅞ | 10-11 | 10¼-10⅜ | 4¾-6 1/16 |
| Month | 12¾-12⅞ | 10⅛-10⅝ | 10 11/16-11 1/16 | 6⅜-6⅝ | 1/16-3/16 | 4¼-4 7/16 | 7¼-7½ | 10½-11½ | 9½-9⅝ | 5-5 5/16 |
| Three months | 12-12⅛ | 10½-10¾ | 10¾-11⅛ | 6⅝-6⅞ | 3/16-5/16 | 4½-4 7/16 | 7⅞-8⅛ | 11-12 | 10⅜-10½ | 4 7/16-5 5/16 |
| Six months | 11⅛-11⅝ | 10¾-11 | 10⅝-11 | 6¾-7 | ⅝-⅞ | 4 9/16-4⅞ | 8½-8¾ | 11⅛-12½ | 10 9/16-10 13/16 | 4 7/16-5 5/16 |
| One year | 11 1/16-11 5/16 | 10⅝-10⅞ | 10⅝-11 | 6⅞-7⅛ | 1 1/16-1 5/16 | 5-5 5/16 | 9⅛-9⅜ | 12-13 | 10 9/16-10 13/16 | 4⅞-5 3/16 |

Long-term Eurodollar deposits: two years 10⅛-10⅜ per cent; three years 10⅛-10⅜ per cent; four years 10 5/16-10 9/16 per cent; five years 10-10¼ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

## Further easing in Dutch rates

The official Dutch call money rate was reduced further yesterday to 2 per cent from 6 per cent, having already been cut this week on Wednesday from 6½ per cent. to 6 per cent. A large excess of Government disbursements was again responsible for the decline, although the present high level of liquidity could be partly offset today when payment is due, after yesterday's tender, on 8¼ per cent five-year Treasury bills. The recent easier trend has given rise in the money market to speculation that the official discount rate may soon be reduced by ½ per cent from its current level of 6½ per cent.

In the interbank market call money traded between 2½ per cent and 5½ per cent against 5 per cent on Wednesday. Longer term rates continued to show a very flat yield curve with one-, three- and six-month money all unchanged at 7-7¼ per cent.

FRANKFURT — Interbank rates were generally mixed yesterday with call money at 4.45-4.55 per cent compared with 4.45-4.50 per cent, and one-month money at 4.45-4.55 per cent from 4.40-4.50 per cent. The three-month rate rose slightly to 4.55-4.65 per cent from 4.50-4.60 per cent although six-month money remained at 4.90-5.00 per cent. The rate on 12-month money showed a fairly sharp decline to 4.25-4.30 per cent from 5.15-5.20 per cent.

NEW YORK—Federal funds were trading marginally firmer at 10-10¼ per cent yesterday against 9 15/16-10 per cent on Wednesday. The shortage of paper continued with any offers being rapidly taken up. Conditions were further exacerbated by the postponement of the expected U.S. 2-year note paper. Trading remained nervous ahead of a number of economic indicators due today and next week.

BRUSSELS—Deposit rates for the Belgian franc (commercial) showed little change with one-month deposits at 7⅝-7⅞ per cent against 7⅝-7⅞ per cent on Wednesday, and three-month deposits at 7⅝-7⅞ per cent compared with 7⅝-7⅞ per cent. The six-month rate was quoted at ¼ per cent from 7 11/16-7⅞ per cent. while one year deposits were unchanged at 8⅜-8⅝ per cent.

PARIS—Day to day money remained at 6⅝ per cent yesterday and one and three-month money rates were also unchanged at 6⅝-6⅞ per cent and 7-7¼ respectively. Six-month money eased slightly to 7¼-7⅝ per cent from 7⅜-7½ per cent while the one year rate declined from 7 13/16-7 15/16 per cent to 7¾-7⅞ per cent.

UK MONEY MARKET

## Exceptional shortage

**Bank of England Minimum Lending Rate 13 per cent (since March 1, 1979)**

Day-to-day credit remained in very short supply in the London money market yesterday, and the authorities gave an exceptionally large amount of assistance. This comprised small purchases of Treasury bills and a small number of corporation bills, all direct from the discount houses. In addition they lent a moderate amount to 10 or 11 houses at MLR over seven days as well as an exceptionally large amount overnight at MLR to the same 10 or 11 houses.

The market was faced with the repayment of Wednesday's extremely large advances and there was a fairly large excess of revenue transfers to the Exchequer over Government disbursements, National Insurance contributions again being the principle factor. There was also a moderate net take up of Treasury bills to finance. Although undersubscribed, applications for Exchequer 12¼ per cent 1999 were also responsible for a considerable drain on funds. On the other hand banks brought forward balances a moderate way above target and there was a small decrease in the note circulation.

Discount houses payed up to 13 per cent for secured call loans but rates eased towards the close to 11-12½ per cent pointing towards the official help being slightly overdone.

In the interbank market overnight loans opened at 13¼-13½ per cent and rose on the forecast to touch 14-14½ per cent before coming back to 13¼-13½ per cent before lunch. Rates rose again soon after to 13¾-14 per cent, eased to 11 per cent and finished in the region of 12½ per cent.

Rates in the table below are nominal in some cases.

### LONDON MONEY RATES

| Mar. 22 1979 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposit | Treasury Bills ф | Eligible Bank Bills ф | Fine Trade Bills ф |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 11-14¼ | — | — | — | — | 11-13 | — | — | — |
| 2 days notice | — | — | 13⅛-13⅝ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 13-13¼ | 13⅛-13⅝ | — | 13 | — | — | — | — | — |
| One month | 12¾-12⅝ | 12⅝-12¾ | 12¾-13 | 12½-12¾ | 13 | 13⅛ | 12¾ | 11 9/16-11¼ | 12¾-12 11/16 | 13 |
| Two months | 12½-12⅝ | 12⅝-12½ | — | 12¼-12⅝ | 12¾ | 13⅛ | 12½ | 11 7/16-11 9/16 | 12 11/32-12⅜ | 12⅝ |
| Three months | 11 15/16-11 7/16 | 12-12⅛ | 12⅛-12⅜ | 11⅝-11¾ | 12½ | 12⅝ | 11⅝ | 11⅛-11 7/32 | 11⅝ | 12⅛ |
| Six months | 11 7/16-11¼ | 11⅝-11 11/16 | 11¾-12 | 10¾-11⅛ | 12 | — | 11⅛ | — | 10 13/16-11 1/16 | 12 |
| Nine months | 11¼-11⅛ | 11 7/16-11 11/16 | — | 11-11⅜ | 11¾ | — | — | — | — | — |
| One year | 11¼-11 1/16 | 11⅜-11½ | 11¾-11⅞ | 11-11⅝ | 11¾ | — | — | — | — | — |
| Two years | — | — | 12-12¼ | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12⅛-12⅜ per cent; four years 12¼-12½ per cent; five years 12⅜-12⅝ per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅝ per cent. four-month trade bills 12 per cent.

Approximate selling rates for one-month Treasury bills 11 7/16 per cent; two-month 11 5/32-11 9/32 per cent; three months 11 5/32-11 7/32 per cent. Approximate selling rate for one-month bank bills 12⅝ per cent; two-month 12 5/16-12⅜ per cent; and three-month 11½-11 23/32 per cent; one-month trade bills 12⅞ per cent; two-month 12½ per cent; and three-month 12 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from March 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10.5 per cent. Clearing Bank Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 10.9299 per cent.

GOLD

## Slight rise

Gold rose \$1½ to \$241½-242½. Trading was quiet in the morning, with the metal opening at \$242¼-243. In the afternoon New York started firmer, but gold fell to its lowest level of the day at the London close. The krugerrand's premium over its gold content widened to 10.89 per cent from 10.13 per cent for domestic delivery, and to 3.66 per cent from 3.27 per cent in the international market.

In Paris the 12½ kilo gold bar was fixed at FFr 33,880 per kilo (\$245.59 per ounce) in the morning, compared with FFr 33,650 (\$243.5) on Wednesday.

In Frankfurt the 12½ kilo bar was fixed at DM 14,570 per kilo (\$243.26 per ounce), compared with DM 14,450 (\$240.67) previously.

| | Mar. 22 | Mar. 21 |
|---|---|---|
| **Gold Bullion (fine ounce)** | | |
| Close | \$241¾-242½ (£118.8-119.2) | \$240¼-241 (£118.3-118.7) |
| Opening | \$242¼-243 (£119.2-119.6) | \$239¼-240 (£117.7-118.0) |
| Morning fixing | \$242.90 (£119.449) | \$240.25 (£117.972) |
| Afternoon fixing | \$242.85 (£119.425) | \$239.90 (£117.916) |
| **Gold Coins, domestically** | | |
| Krugerrand | \$265½-270½ (£131-133) | \$263-267 (£129½-131½) |
| New Sovereigns | \$68-70 (£33½-34½) | \$68-70 (£33½-34½) |
| Old Sovereigns | \$75½-77½ (£37-38) | \$76-77 (£37-38) |
| **Gold Coins, internationally** | | |
| Krugerrand | \$250-252 (£123-124) | \$247½-249½ (£122-123) |
| New Sovereigns | \$63½-65½ (£31¼-32¼) | \$63-65 (£31-32) |
| Old Sovereigns | \$75½-77½ (£37-38) | \$76-77 (£37-38) |
| \$20 Eagles | \$313-318 | \$312-317 |
| \$10 Eagles | \$170-175 | \$169-174 |
| \$5 Eagles | \$119-124 | \$121-126 |

### MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime Rate | 11.5-11.75 |
| Fed Funds | 10.0625 |
| Treasury Bills (13-week) | 9.56 |
| Treasury Bills (26-week) | 9.55 |

**GERMANY**

| | |
|---|---|
| Discount Rate | 3 |
| Overnight Rate | 4.50 |
| One month | 4.50 |
| Three months | 4.60 |
| Six months | 4.95 |

**FRANCE**

| | |
|---|---|
| Discount Rate | 9.5 |
| Overnight Rate | 6.625 |
| One month | 6.8125 |
| Three months | 7.0625 |
| Six months | 7.3125 |

**JAPAN**

| | |
|---|---|
| Discount Rate | 3.5 |
| Call (Unconditional) | 4.625 |
| Bills Discount Rate | 4.75 |

# ...ow ahead 5 in firm early Wall St. trading

...STMENT DOLLAR PREMIUM
...to £1—66% (65½%)
...$2.0335 29½% (29¼%)

...PRICES were higher ...ide area in very active ...as the stock market ...ed some ground gained ...ng opening rally. ...r, dealers feared that ...et could weaken late in...

...prices and market ...were not available ...or this edition.

...as often happens on ...s, ahead of the weekly ...statistics and Friday's ...n February consumer ...ich may show increases ...le-digit annual rate.

...Dow Jones Industrial ...gained just over five ...862.97 and Transports ...03 at 218.45. Utilities ...0.03 to 104.26.

...vance lifted prices of a ...of Glamour and Blue ...ea. IBM picked up $1¾ ...ont put on 50 cents to...

...n Kodak gained 75 ...$65¾, Polaroid ¼ to $41 ...yne $2 to $124¾.

...um stocks, strong ...eased a little. Mobil ...was unchanged at $75¾. ...r the oil and gas assets ...ational Paper's General Crude Oil unit, bettering a rival offer.

Southland slipped 25 cents to $37 but Tenneco added ⅜ to $31¾. *International Paper* edged up ⅛ to $46⅛.

McDonnell Douglas picked up 50 cents to $30¼. It received an order for five DC-9 Super 80 twin-engined jets. Alcan Aluminium added ⅝ to $38¼.

Arctic Enterprises lost $1⅛ to $10. It received inquiries about a possible merger but said no offer was made and no talks are in progress. Skil Corporation lost $2⅛ to $27¾. The U.S. Justice Department will oppose its planned merger with Emerson Electric. Emerson added ⅛ to $33⅞.

American Stock Exchange prices rose sharply in active trading. The Amex index added 1.45 to 175.85 on volume of 3m shares. Imperial Oil "A" picked up ¼ to $23⅞ and Gulf Canada jumped $2⅛ to $40⅛.

## Canada

Canadian stock markets were sharply higher in active trading by lunch-time, reacting to a broad advance in New York. Volume rose to 2,981,914 shares from 1,565,345 at noon on Wednesday. The Toronto composite index was up more than 10 points with gains in 11 of its 14 component groups. Winners outpaced losers 225 to 95. The Oil and Gas Index was over 21 points higher with Gulf Canada up $2¼ to $46¾. Aquitaine at $27⅞. Husky Oil at $49 and *Hudson's Bay Oil at* $61¼ all rose by 75 cents.

Universal Sections added 50 cents to $6¼ as trading resumed after the company plans to merge with Fagan Investments become known. Great Canadian Oil Sands picked up 25 cents to $3⅞ after the company said the Alberta Government had approved an application to expand its plant by 18,000 barrels of synthetic crude oil a day. It also said it expected the Federal Government to permit it to charge world prices for the crude.

In Montreal, too, shares prices were sharply higher in busy trading, with all but one of the 12 indices gaining. The industrial index rose 2.78 to 246.78. Base Metals added more than two index points with Inco up 50 cents to $24¼ and *Noranda* "A" ahead 75 cents to $45¾. Only the Banks Index lost ground.

## Tokyo

Japanese share prices closed higher on fresh buying, mainly by investment trusts, in Pharmaceuticals, Electricals, Cameras and other Blue Chips. The Tokyo Stock Exchange index closed at 449.74, up 1.69 helped by an easing of margin trading curbs this week on Japan's eight stock exchanges.

Pioneer rose Y50 to Y2,340, TDK Electronics Y40 to Y1,900, Fuji Photo Y21 to Y673 and Canon Y11 to Y575. Toyo Kogyo rose Y9 to Y470 on anticipated earnings. Foods, Machines, Communications and Steels also rose, but some Oils and mineral resources issues weakened on profit-taking.

## Germany

Frankfurt share prices fell to the year's lowest level in very quiet trading amid a general lack of buying interest. Heaviest losses were seen among leading Banks and Motor issues. VW lost DM 4.30 followed by *Daimler*, down DM 2.50, and BMW which lost DM 2.40. Among Banks Dresdner fell DM 3.70 and Deutsche Bank lost DM 2.30.

Siemens, which held its annual meeting yesterday, was marked down by DM 2 following the general trend.

## Paris

In Paris, bourse employees voted to continue their strike until noon Friday, union sources said. Stockbrokers quoted major shares on the forward market under the special procedure introduced earlier.

## Switzerland

Zurich bourse prices held very steady on moderate volume, underpinned by a stable dollar and Federal Council member Honegger's optimistic appraisal of the economic outlook. An apparent halt in the bond market slide lent further support. Banks held steady with Insurances well maintained. In mostly higher Financials, Oerlikon-Buehrle rose SwFr 25 on good turnover, while Motor-Colombus eased. Industrials to rise included Ciba-Geigy, up SwFr 15, *Sulzer*, *Nestle* Bearer and Alusuisse. Sandoz Bearer and Roco eased while Brown-Boveri Bearer held steady. In Transports, Swissair moved higher.

## Australia

Australian stock prices closed easier, with BHP leading a retreat by many leading mining and industrial shares. Heavy demand for Kelvinator shares gave rise to rumours that Email, following the withdrawal this morning of its original bid, is planning a revised offer. Kelvinator jumped another 24 cents to close at A$2.05, 14 cents above their value in Email's bid last Friday. BHP shed 16 cents in early trading but made a partial recovery to close a net 15 cents down at A$11.15.

CSR weakened losing 10 cents to A$3.50 and the ANZ fell four cents to A$4.16. Bank of NSW eased three cents to A$5.40. Woolworths eased another two cents to A$1.48 reacting to the company's industrial troubles.

Mining shares eased with a few exceptions. Peko closed up four cents at A$5.50, MIN added two cents to A$3.20 and North Broken Hill firmed a cent to A$1.59. But CRA lost 5 cents at A$3.75 and Goldfields fell the same amount to A$3.90.

## Brussels

Belgian share prices were mixed in more lively trading. Sofina rose BFr 40 and Union Miniere gained BFr 24 to BFr 850. Sambre and Wagon-Lits also rose. However, Vieille Montagne lost BFr 45, while St. Roch, Tessenderloo, Andre Dumont and Tabacofina all weakened. Traction Elect. fell BFr 25 to BFr 2,915 and La Royale Belge lost BFr 30 to end at BFr 6,350. Petrofina and Canadian Petrofina were unchanged, but American Petrofina fell.

## Amsterdam

Share prices closed mainly higher, with Akzo unchanged and Royal Dutch 30 cents easier in otherwise firmer Dutch Internationals. Philips rose 20 cents ahead of the 1978 results. Amrobank lost Fl 2.30 ex-dividend. Deli gained Fl 5.50 on its second-half profit revival, despite the slightly lower year profit. RSV rose Fl 1 despite its new building order problems. Philips shares rose strongly to a late after-hours Fl 24.10, compared with Fl 23.10 at the Bourse close and Fl 22.90 on Wednesday, following announcement of its higher profits and dividend.

## Milan

Italian stocks closed mixed in moderate trading. Fiat and Olivetti Privileged firmed slightly, but Bastogi, Assicurazioni Generali, Snia Viscosa, Olivetti Ordinary and Generale Immobiliare fell. Italcementi gained after recent losses. Both Pirellis closed unchanged.

## Hong Kong

Hong Kong stock prices closed lower in patchy trading. The Hang Seng index eased 3.07 points to 549.80. Prices recovered as the Hong Kong dollar stabilised in the local exchange market towards the close. There was general disappointment with lack-lustre bidding at three land auctions and property stocks closed steady to slightly easier overall.

## Johannesburg

South African gold shares were firmer in quiet trade reflecting bullion prices. A firmer financial Rand had little effect on producers although Mining Financials were off their higher levels for the day. Anglo's annual statement had little impact and of 41 Golds traded, just before the close 24 were higher and seven lower. De Beers was 13 cents harder at RR573 on strong local demand. Coppers firmed in line with free market prices while collieries were easier. Industrials were mixed in quiet trading.

# Indices

## NEW YORK —DOW JONES

| | Mar. 21 | Mar. 20 | Mar. 19 | Mar. 16 | Mar. 15 | Mar. 14 | 1978-79 High | 1978-79 Low | Since Compil'tn High | Since Compil'tn Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ◆ Industr'ls | 857.76 | 850.31 | 857.59 | 852.82 | 847.02 | 845.37 | 907.74 (8/9) | 742.12 (28/2) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| H'me B'nds | 84.45 | 84.40 | 84.46 | 84.55 | 84.32 | 84.32 | 90.86 (4/1/78) | 84.09 (15/1/79) | — | — |
| Transport.. | 217.42 | 216.98 | 218.01 | 217.28 | 215.85 | 214.55 | 261.48 (6/9) | 199.31 (9/1/78) | 279.88 (7/2/69) | 12.23 (8/7/32) |
| Utilities ..... | 104.23 | 103.72 | 103.89 | 103.25 | 102.88 | 102.88 | 110.98 (3/1) | 97.75 (20/12) | 163.32 (20/4/69) | 10.58 (28/4/42) |
| Trading vol 000's | 31,120 | 27,280 | 34,760 | 31,770 | 29,450 | 24,630 | — | — | — | — |

◆ Day's high 859.23 low 844.68

| Ind. div. yield % | Mar. 16 | Mar. 9 | Mar. 2 | Year ago (approx) |
|---|---|---|---|---|
| | 5.80 | 5.87 | 6.04 | 6.06 |

## STANDARD AND POORS

| | Mar. 21 | Mar. 20 | Mar. 19 | Mar. 16 | Mar. 15 | Mar. 14 | 1978-79 High | 1978-79 Low | Since C'mpil't'n High | Since C'mpil't'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Indust'ls ... | 113.03 | 112.14 | 112.79 | 112.58 | 111.36 | 111.16 | 118.71 (12/9) | 95.52 (6/3) | 134.64 (11/1/73) | 3.53 (30/6/32) |
| Composite | 101.25 | 100.60 | 101.06 | 100.69 | 99.86 | 99.71 | 106.99 (12/9) | 86.90 (6/3) | 125.85 (11/1/73) | 4.40 (1/6/32) |

Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ||| Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

## WEDNESDAY'S ACTIVE STOCKS

| | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| EMI ...... | 668,400 | 3 | +⅝ |
| Bucyrus Erie ...... | 448,700 | 19⅝ | +⅞ |
| Exxon ...... | 396,100 | 53¾ | −¼ |
| Dow Chemical ... | 372,000 | 28⅛ | +⅝ |
| Texaco ...... | 345,000 | 26 | −⅛ |
| Caesars World ... | 287,600 | 60½ | +2⅝ |
| Nat. Semicondctr. | 272,100 | 20 | +⅛ |
| *Gulf Oil* ...... | 259,300 | 26⅞ | +⅛ |
| Texas Intnl. ...... | 246,600 | 12¾ | +½ |
| Bally Mfg. ...... | 239,800 | 66½ | +1¾ |

## STOCKHOLM

| Mar. 22 | Price Kronor | + or — | Div. Kr. | Yld % |
|---|---|---|---|---|
| AGA AB (Kr. 40). | 198 | —1 | 6 | 3.0 |
| Alfa Laval(Kr.50 | 130 | ...... | 6 | 4.6 |
| ASEA(Kr.50) ..... | 72.5 | —1.0 | 5 | 6.9 |
| Atlas Cop. Kr25. | 104 | —1 | 7 | 6.7 |
| Billerud ...... | 57.5 | —2.0 | — | — |
| Bofors...... | 124 | +1 | 5 | 4.1 |
| Cardo ...... | 173 | —2 | 5.75 | 3.2 |
| Cellulosa...... | 254 | —1 | 11 | 4.3 |
| Elec'lux'B'(Kr50 | 108 | +1 | 6.25 | 4.8 |
| Ericsson B (Kr50 | 132 | —2 | 5 | 4.7 |
| *Esselte (Free)*... | 295 | +5 | 8 | 2.7 |
| Fagersta...... | 122 | —3 | 4 | 3.3 |
| Granges (Free).. | 57 | —1 | — | — |
| Handelsbanken | 345xd | ...... | 18.5 | 5.2 |
| Marabou ...... | 157 | ...... | 9 | 5.1 |
| Mo Och Domsjo | 88 | —2 | 2.50 | — |
| Sandvik 'B' Kr100 | 246 | ...... | 6.50 | 2.5 |
| S.K.F. 'B' Kr.50 | 63 | —1 | 4.5 | 7.0 |
| Skand Enskilda. | 146 | ...... | 9 | 6.2 |
| Tandstik B(Kr50 | 71 | +1 | 5 | 7.1 |
| *Uddeholm*...... | 64 | —0.5 | — | — |
| Volvo (Kr 50) .... | 85 | —0.5 | 7 | 8.1 |

## OSLO

| Mar. 22 | Price Kroner | + or — | Div. % | Yld. % |
|---|---|---|---|---|
| *Bergen Bank* .... | 100xd | ...... | 6 | 6.0 |
| Borregaard...... | 76 | —0.5 | — | — |
| Creditbank ...... | 115.5xd | —0.5 | 11 | 9.5 |
| Kosmos...... | 380 | —15 | 20 | 5.3 |
| Kreditkassen.... | 110 | —1 | 11 | 10.0 |
| Norsk HydroKr8 | 258 | +0.5 | 12 | 4.7 |
| Storebrand ...... | 107.5 | +0.5 | 7 | 6.5 |

## JOHANNESBURG

MINES

| March 22 | Rand | + or — |
|---|---|---|
| Anglo American Cpn. | 7.20 | —0.05 |
| Charter Consolidated . | 4.60 | +0.10 |
| East Driefontein ...... | 14.60 | +0.10 |
| Elsburg ...... | 1.85 | |
| Harmony ...... | 7.60 | +0.05 |

Financial Rand U.S.$0.76
(Discount of 35.8%)

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank ...... | 13 % | ■ Hambros Bank ...... | 13 % |
| Allied Irish Banks Ltd. | 13 % | ■ Hill Samuel ...... | §13 % |
| Amro Bank ...... | 13 % | C. Hoare & Co. ...... | †13 % |
| American Express Bk. | 13 % | Julian S. Hodge ...... | 14 % |
| A P Bank Ltd. ...... | 13 % | Hongkong & Shanghai | 13 % |
| Henry Ansbacher ...... | 13 % | Industrial Bk. of Scot. | 13½% |
| Associates Cap. Corp.... | 14 % | Keyser Ullmann ...... | 13 % |
| Banco de Bilbao ...... | 13 % | Knowsley & Co. Ltd.... | 14½% |
| Bank of Credit & Cmce. | 13 % | Lloyds Bank ...... | 13 % |
| Bank of Cyprus ...... | 13 % | London Mercantile ... | 13 % |
| Bank of N.S.W. ...... | 13 % | Edward Manson & Co. | 14 % |
| Banque Belge Ltd...... | 13 % | Midland Bank ...... | 13 % |
| Banque du Rhone et de la Tamise S.A. ...... | 13½% | ■ Samuel Montagu ...... | 13 % |
| Barclays Bank ...... | 13 % | ■ Morgan Grenfell ...... | 13 % |
| Bremar Holdings Ltd. | 14 % | National Westminster | 13 % |
| Brit. Bank of Mid. East | 13 % | Norwich General Trust | 13 % |
| ■ Brown Shipley ...... | 13 % | P. S. Refson & Co. ... | 13 % |
| Canada Perm't Trust... | 13 % | Rossminster ...... | 13 % |
| Cayzer Ltd. ...... | 13 % | Royal Bk. Canada Tst. | 13 % |
| Cedar Holdings ...... | 13 % | Schlesinger Limited ... | 13 % |
| ■ Charterhouse Japhet... | 12½% | E. S. Schwab ...... | 14 % |
| Choulartons ...... | 13 % | Security Trust Co. Ltd. | 14 % |
| C. E. Coates ...... | 13 % | Shenley Trust...... | 15 % |
| Consolidated Credits... | 13½% | Standard Chartered ... | 13 % |
| Co-operative Bank ...... | *13 % | Trade Dev. Bank ...... | 13 % |
| Corinthian Securities... | 13 % | Trustee Savings Bank | 13 % |
| Credit Lyonnais ...... | 13 % | Twentieth Century Bk. | 14 % |
| The Cyprus Popular Bk. | 13 % | United Bank of Kuwait | 13 % |
| Duncan Lawrie ...... | 13 % | Whiteaway Laidlaw ... | 13½% |
| Eagil Trust ...... | 13 % | Williams & Glyn's ...... | 13 % |
| English Transcont. ... | 13½% | Yorkshire Bank ...... | 13 % |
| First Nat. Fin. Corp. ... | 14 % | | |
| First Nat. Secs. Ltd. ... | 14 % | | |
| ■ Antony Gibbs ...... | 13 % | | |
| Greyhound Guaranty... | 13 % | | |
| Grindlays Bank ...... | ‡13 % | | |
| ■ Guinness Mahon ...... | 13 % | | |

■ Members of the Accepting Houses Committee
* 7-day deposits 10½%, 1-month deposits 10¾%.
† 7-day deposits on sums of £10,000 and under 10½%, up to £25,000 11%, and over £25,000 11¼%.
‡ Call deposits over £1,000 10½%.
§ Demand deposits 11%.

## EUROPEAN OPTIONS EXCHANGE

# THE PROPERTY MARKET BY CHRISTINE MOIR

## Surprises from motorway study

DR. RUSSELL SCHILLER, head of research at Hillier Parker May and Rowden, has cast a dampener on the traditional belief that the best place for industrial investment is near a motorway.

He has completed research comparing rental movements on estates within 10 miles of a motorway with those outside that radius. The results are surprising.

Estates near motorways tend to show higher rents than those further away. However, between 1965 and 1978 "there is no evidence that they have experienced faster overall rental growth."

Slightly more than 30 "rent points" from Aberdeen to Cardiff were studied and a curious pattern emerged.

In the year in which a motorway opens, rents in the vicinity tend to fall. For the following two years they then show above-average growth compared with industrial units in the same regions that are not close to motorways.

In the next two years, rental growth declines and lags behind the regional average.

Three-quarters of the 16 motorway points studied, including Feltham, Watford, Nottingham, Bristol, Taunton, Swindon, Hull and Manchester, showed that pattern markedly. In some cases rental growth stood at only nine tenths of the regional average.

Even more curiously, areas very remote from motorways have shown significantly stronger rental growth over the period than those linked almost directly to the main network. Aberdeen understandably heads the list for growth, but even Norwich outstrips Nottingham, which has had the benefit of the M1 since 1965.

Dr. Schiller, a geographer, does not attempt a detailed explanation. He is careful to admit that rents vary in response to a variety of factors of which motorways are only one.

Nevertheless, it seems less than credible that his non-motorway comparison areas might all have been responding to other stimuli from which the motorway areas were excluded.

Dr. Schiller does suggest a possible reason for the declaration in growth of motorway rents. As motorways are built, so developers tend to start construction alongside. It is possible that the supply they create is sufficient to mop up the increased demand from tenants looking for motorway locations, or even to create a glut.

He is also prepared to consider the possibility that within two years or so of a motorway opening, tenants may have begun to wake up to the increased accessibility that it creates over a wider radius than 10 miles.

With rents within that radius higher than those outside, potential tenants might opt for the lower rents, thereby driving up rental growth over a wider distance.

It is difficult, however, to believe that that explanation would serve for much more than a short period.

## UK Provident lets to Shell

UK PROVIDENT must be happy about the rental being established in its refurbished buildings which face onto Trafalgar Square. Shell UK has taken two adjoining buildings, 9 Whitehall and 1 Northumberland Avenue, at a rental of £600,000 or so. Net lettable area is 45,000 sq ft.

Sinclair Goldsmith and Healey and Baker are now letting the third building in the complex, 15 Whitehall, which has a net floor area of 22,400 sq ft.

Apparently the remaining space is already under offer.

## Brussels rents stay in line

BRUSSELS OFFICE rents have remained stable this year according to a Richard Ellis report. The exception has been Quartier Leopold, where they have tended to harden.

Industrial rents outside Brussels have fallen from their 1978 peaks of B.Frs. 1,200-1,300 (£20-£21.70) per square metre to around B.Fr. 1,000-1,100 (£16.70-£18.30). Within greater Brussels rents have hardened due to short supply.

Prime office investment levels —again affected, agents say, by lack of supply—are firming, yields tending to fall beneath 7 per cent.

Industrial yields on straight nine-year leases have dropped to 7.5 per cent, but more normal lease patterns yield between 8 and 9 per cent.

A characteristic of the Belgian investment market is the property "certificate," which allows an investor to take a beneficial ownership in a property without an actual transfer. The certificates avoid the 12.5 per cent registration duty.

Certificates are issued, without guarantee, against the security of the tenant's covenant.

According to Banque Bruxelles-Lambert, average yields on property certificates (excluding capital repayment but including property tax) are about 8.25 per cent on the issue price.

Towards the end of 1978 yields dropped as low as 5.33 per cent.

Richard Ellis calculates the average annual rate of growth in property certificates over the past 13 years as 6 per cent.

## Post Office continues buying

THE Property Services Agency of the Department of the Environment continues to buy office blocks for the Post Office.

This week it paid £6m for the 190,000 sq ft Berkley House in Birmingham, an air-conditioned block developed by Interland Estates and funded by the Lazard Property Unit Trust.

Lazard, advised by Weatherall Green and Smith and Edwards Bigwood and Bewlay, was happier to sell than take a gamble on the letting market.

The equated yield is slightly lower than the Post Office paid recently in Leicester for the 65,000 sq ft Albion House, which housed the city's planning and architectural departments before they moved into the new civic centre. The price was £1.4m and rents in Leicester are about £1.75 per sq ft.

These two purchases come only months after the Post Office agreed to a rent of £2.4m a year for the new development by Town and City on the Gamages site in Holborn.

The Post Office is also committed to a £27m development site at St. Martins le Grand, near St. Pauls.

## London's Docklands 'not a wasteland'

LONDON'S docklands are no silk purse but neither are they a total wasteland—that is the view of Mr. David Bloomfield, general manager of County and Suburban Properties which has been involved since 1973 in a 66-acre industrial development site formerly owned by the Gas Board.

Mr. Bloomfield thinks planners and property men should forget grandiose dreams of river crossings, tube lines and a £60m world trade mart and concentrate on the area's piece-meal potential.

Instead of thinking of the docklands as one 8½ sq mile headache they should adopt the curate's attitude and seek out the good patches says Mr. Bloomfield.

County and Suburban's patch is on the junction of the A13 and the North Circular two miles north of the Woolwich Ferry. Already 113,000 sq ft of industrial units have been built and a start is to be made shortly on a further 100,000 sq ft. Planning applications have also been made for phases three and four.

Legal and General Insurance last year arranged a sale and leaseback on the development with a forward commitment to buy out the fully let properties on an 8 per cent yield.

That deal—a rare venture into the Docklands for an institution and L and G's only investment in the area—was made when the initial marketing drive by Weatherall Green and Smith saw three of the nine units in phase one let rapidly.

Since then no further lettings have been agreed though several plots of land have been sold.

Nevertheless, the next phases represent an act of faith in the area's future which explains Mr. Bloomfield's eloquent claims that the key to the future is the South Woodford/Barking relief road which is to be started in 1981.

Now he wants planners to concentrate on the north/south links to Docklands, something which must be close to the heart of Peter Taylor and Co. which will shortly start marketing a £6m development scheme just south of the Blackwall Tunnel.

### Strong market

The strength of the letting market in London's oil village—Victoria—is underlined by the rentals being achieved by UK Provident on Windsor House, 50 Victoria Street.

Over the past week agents Edward Erdman and Henry Joel have let three floors, totalling 20,160 sq ft for £330,000 per year, or £16.37 per foot.

The tenants are the Arabian Gulf Exploration Company and Bow Valley Exploration (UK),

## Bond Street project sets tone

THE LETTING to Wallis Fashion Group of the key corner shop in MEPC's £25m development over Bond Street tube station, London, sets the tone for the type of centre the property group is trying to achieve.

It also suggests a level of rents for the remaining units, although those will not be marketed by Edward Erdman and Jones Lang Wootton, the joint agents, before Christmas.

Wallis has agreed to a minimum rent of £450,000 to reserve the unit, which has 3,000 sq ft on the ground floor fronting Oxford Street, and 21,500 sq ft on what amounts to the entire first floor.

● Provident Mutual Life Assurance has paid almost £3m for the freehold office and shop on the corner of Tottenham Court Road and New Oxford Street.

The initial yield amounts to just over 5½ per cent, all derived from the office content of 23,250 sq ft let at an annual rent of £7.20 a foot.

The vendors, advised by Michael Laurie and Hillier Parker May and Rowden, were the Burton Group who trade from the shop unit.

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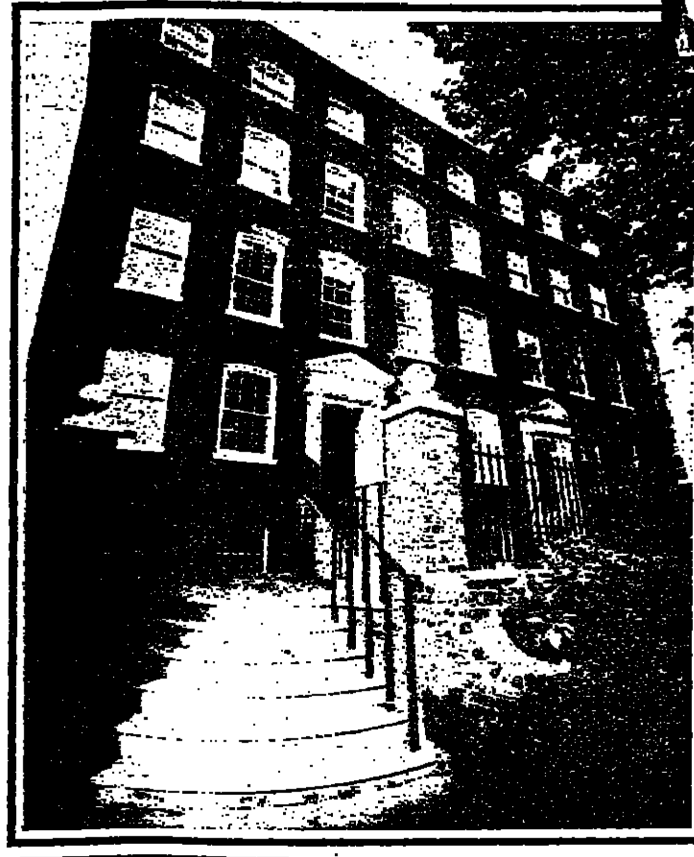

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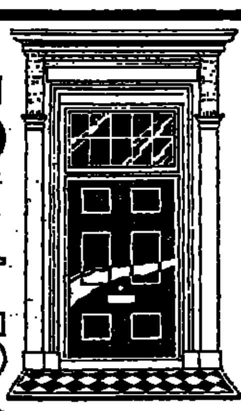

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AUTOMATION

## Robots do the hot and heavy work

TWELVE per cent boost in productivity coupled with ability to switch to round-the-clock diecasting production are reported by Metal Castings following an increase in its robot population.

A subsidiary of Lesney Industries, the Worcester-based diecaster now has five Series 2,000B Unimates in its diecasting operations and a sixth has just been ordered.

These robots extract components from pressure diecasting machines. One works on a hot chamber zinc machine producing trim components for Jaguar cars: the other four work on aluminium cold chamber machines which vary in size between a 600 and 1,400 locking force. Over 50 per cent of the Metal Castings production consists of components for the automotive industry. The remainder is equally distributed between parts for domestic appliances, office equipment and the electrical industry, e.g. washing machines, fridges, freezers, mixers, copiers, and record players.

Extracted castings are quenched and presented to a first-line inspection. Meanwhile lubrication of the die will have been triggered as soon as the casting is clear of the cavity. After inspection by a scanner system to ensure that no part of the component is left in the die, the robot deposits the casting on to a tray for de-flashing by an operator.

To do the same job manually a diecaster would have to reach into the jaws of the machine and lift out, at full stretch, anything up to 30 lb in weight, and do this 50 times an hour, working within five feet of molten aluminium at around 700 degrees C in a highly humidified atmosphere.

According to plant maintenance manager, Mr. Peter Watts, diecasters do not resist the use of robots, but welcome them.

The possibilities are that some 90 per cent of diecasting machines in the factory will have robot servers. In the five years since the first Unimate was installed the company has learnt to design dies for automatic operation. The machine has to eject cleanly, internal cooling has to be right, and the cast has to be strong enough to be gripped and extracted by the Unimate.

Down-time on the robots is remarkably low—a mere ten hours in a year, and the three-shift production just instituted is possible because of the Unimates' ability to keep going without a break for 24 hours. The factory will run non-stop from Sunday midnight until late on Friday, with Saturday reserved for tooling changes. These can take up to 24 hours but "re-teaching" the Unimate takes only 20 minutes.

An additional advantage of the three-shift operation is a much lower scrap rate and far less tooling wear. It is the first few molten aluminium shots into a cold die that cause wear and reject problems, so the longer production can keep going without breaks or slow-downs, the better the performance all round.

Unimation Europe is at Unit A3/A4, Stafford Park 4, Telford, Salop. 0952 618931.

A Unimate robot presents a casting to a photo-cell scanning device while the operator checks the quality of the component, a boot lid trim for Daimler/Jaguar cars.

## Putting engines to the test

APPEARING to emulate the hygiene and hushed-tone atmosphere of a hospital's diagnostic department is the environment at Autosense Equipment's Bicester factory where a new generation of automated systems has been developed for production testing of petrol and diesel engines.

Engines for testing go to a cell where they are coupled to a regenerative dynamometer.

Water fed to the engine for test purposes is preheated and test time is minimised—the operator does not have to wait until cooling water reaches steady state temperature.

Hot water leaving the engine is recirculated via an oil/water heat exchanger so that the oil entering the engine can also be brought up to steady state operating temperature with minimum delay.

Transducers linked to the test control computer include pressure sensors, resistance thermometers, thermocouples, speed sensors and fuel consumption columns.

A modular approach permits virtually any type of dynamometer to be accommodated within the overall test system package, but the company is concentrating its standard package on the use of a regenerative dynamometer produced by Brush Electrical Machines.

This combines a DC motor/generator with a thyristor control to provide a system capable both of supplying energy to or taking it from the normal 440 volt 3-phase 50Hz AC supply.

The brake can be employed for both braking and motoring and provides the perfect traction characteristic in both modes, says the company. So the machine can produce full torque at all speeds between zero and full-speed—in contrast to water and eddy current brakes which have a falling torque characteristic.

Computer hardware for the standard package includes a PDP-11/34 as master and an LSI-11/2 micro as satellite with Autosense-developed software to provide an effective real-time package operating system.

Perkins Engines is the first engine manufacturer to order an engine testing system based on the Autosense modular-concept approach. Installation of 26 computer-controlled test cells for the production testing of diesel engines at Peterborough, under a £1.2m contract, is now close to completion.

More from the company at Station Approach, Bicester, Oxon OX6 7BZ (Bicester 43351).

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● PROCESSES

## Hot air strips the paint

SAFER THAN blow lamps and chemicals for removing old paint and varnish is an electric hot-air paint stripper, says Sikkens UK (British subsidiary of Sikkens BV of Sassenheim, Holland), Station Road, Industrial Estate, Didcot, Oxon., Ox11 7NQ.

Apparatus consists of two units, separated for ease of handling and for minimising weight. The blower, which is left lying on the ground, delivers air to the heater through a flexible pipe three metres long at a rate of 400 litres a minute. Heater is lightweight and directed at the surface to be stripped, leaving the user's other hand free for applying a scraper, wire brush or putty knife.

Inside the heater, the air can be raised to any temperature between 20 to 600 degrees C by adjusting a simple control on the heat-insulated handle.

The unit can be operated in any position, says the company, and, like the blower, it is also double-insulated for electrical safety.

## Feeds at exact rate

A CONSTANT feed rate control system developed by Pesage Promotion in France in conjunction with Rhône-Poulenc is to be made available in the UK by Defiant Weighing, a Pesage associate.

It is used with normal plant storage or process vessels mounted on strain gauge load cells, in turn connected to a load cell amplifier.

A decreasing voltage ramp is generated by one of the modules, with a rate of decline proportional to a fixed voltage reference (the feed-rate set point). This reference is compared with the output signal of the load cell amplifier and any difference — representing a deviation from the desired rate — is fed into a control module, the output of which is used to alter the speed control of the discharge feeder.

The system has been shown to be capable of errors of less than 0.2 per cent over a wide range of products. Many of the quantities involved are displayed, including the feed rate that has been set, the rate achieved, the error, stock vessel content by weight and the total throughput.

Defiant is at Otford Road, Sevenoaks, Kent TN14 5EL (0732 50755).

● HAND TOOLS

## Cleans as it whirls

MANUFACTURED by Robert C. Collins of Florida, a range of cleaning wheels for use with power tools is to be marketed in the UK under the Whirl Away brand by Whirlaway (UK), 6 Station Road, London SE20 7BQ (01-778 6798).

Useable with any standard disc grinder, sander, polisher or drill, the device has been designed to give clean, easy and safe removal of rust, paint, scale, chemicals, mineral deposits and other encrustations.

Principle is similar to that of the oil drilling bit: the tool, varying in diameter from 3½ to 6 inches, has up to 49 replaceable cutters which consists of a large number of hardened steel, replaceable pointed pins on small rotating cylinders, rotating in an opposite sense to the main wheel on which they are mounted.

● COMMUNICATIONS

## Packet network starts

THE POST OFFICE has inaugurated its international public packet switching service for data transmission, opening the way to cheaper communications with, in the first instance, U.S.-located databases, mainly scientific and technical.

Over the next year or two the service will be linked with the Euronet system which although being set up as an EEC private network also uses the CCITT X25 user-to-network access routines and has been designed to develop into a packet data system for Western Europe.

In addition by 1980 the Post Office plans to start the national network, allowing packet exchange within the U.K.

The Corporation openly states its intention to become the European "lead country" in this field, hoping to make London the hub of a U.S.-linked European network.

And although the French have been the first in Europe with a packet service it is likely to suffer, according to the Post Office, from massive cost of conversion to X25.

The fact that packet working always fills-up the transmission line indicates a considerable cost reduction compared with the currently used dedicated line: "break even" occurs if the data flow is such that each packet is at least 20 per cent filled.

Asynchronous terminals using 110 to 300 bps or 1200 bps via public or leased lines, and synchronous terminals up to 9600 bps can be used.

With X25 settled as the user-to-line protocol, a remaining problem seen by the Post Office is the lack of standardisation of user-to-database language.

## No TV screen reflections

INFORMATION on TV screens in airports and railway stations can often be hard to see where reflections from well-lit concourses interfere continuously with the image.

For a full time VDU operator, the problem is many times worse. Concentration is lost, efficiency impaired and mistakes are made—costing money. A product has been developed which solves once and for all the problem of reflected images on screens, no matter where they are placed, its producers assert.

Teleflex was developed in Germany and is now being made available in Britain. Quick and simple to apply, it is an aerosol spray which forms a tough, frosted coating completely preventing reflection images interfering with the picture on the screen. There is no distortion of the picture, most of the colour is retained and, with the slight increase of contrast the treatment causes, viewing clarity is actually increased.

Further details from Teleflex UK. 01-730 5191.

## Easier to spread the word

DESK-TO-DESK message communications systems are available from Racal-ESL, which says the equipment cuts the cost and size of automatic message handling and Telex systems, without using complex computer equipment often associated with such services.

At the heart of the new Racal-ESL Telplex is a microprocessor-controlled message switch which, together with a variety of terminals and printers, can be designed to provide an extremely flexible communications medium.

At the simplest level, Telplex can provide word communications between offices in a single building, or it can be expanded to include national or international systems using private lines or the world Telex network.

Telplex is designed for any industrial or commercial organisation—for example, banks, airlines and government establishments—where fast transfer of information between various offices or locations is vital. Racal-ESL is also investigating — within the Racal Electronics Group of companies—the use of Telplex by defence organisations.

Telplex can be used in three application areas: message switching; telex management; and distributed networks using private lines.

In message switching, desk-top terminals located at various points in an office complex can be linked via the Telplex system's switching unit. An operator with no special training can prepare and direct any message to one or more of the terminals in the network and thus the equipment can replace frustrating and often ambiguous telephone calls.

As a telex management system, Telplex can be linked directly to the international telex network permitting operators to send and receive telexes from their desks. Among many features it provides are the elimination of paper tape and the facility to send and receive telex messages from any location within a factory or office complex. It can be used by operators having no knowledge of telex procedures since it automatically dials into the telex network.

In a distributed network, a number of Telplex units can link several office locations via leased lines. In such a system, messages from several terminals at one site could be combined and switched over a single line to other sites. At the receiving end, these messages would be automatically routed to their destinations.

Racal-ESL, Halifax House, Coronation Road, High Wycombe, Bucks.



● COMPONENTS

## Will resist corrosion

PROMISING significant advantages to the contractor working in corrosive atmospheres or aggressive soil conditions is a lightweight glass reinforced plastics conduit system from Ciba-Geigy Plastics and Additives Company, Duxford, Cambridge CB2 4QA (0223 832121).

Sold in up to 6 inch diameters, it is made by the company in the U.S. employing a filament winding process. Resin used in the method is an Araldite thermosetting epoxy.

Available with the pipes are a number of fittings, including bends, tees, joints, and reducers.

Because epoxy pipes are much tougher than pvc conduit of the equivalent weight or wall thickness—and also show a better resistance to attack by a wide range of chemicals—the new conduit system, says the company, will be especially welcome in the low-lying Persian Gulf area where the ground water is predominantly saline.



# [N]ew UK fishing [cu]rbs unveiled

[BY RIC]HARD MOONEY

[NEW] fish conservation [measures] will come into effect [...], Mr. John Silkin, [Agric]ulture and Fisheries [Minister,] announced yesterday.

[...]n white fish net mesh [si]ze to be raised to allow [imm]ature fish to escape. [Min]imum whiting and [...] [...]oding sizes are being [...] Scampi nets will [...]er meshes to avoid [...]o many small white [...]

[...] is already being taken [to the] European Court over [the] conservation measures [...] last autumn, and the [...] is being careful to [avoid f]urther prosecution in [...]

[...] announced the latest [...] more than two months [...]heir planned enforce[ment ...] has given the EEC [...]n until May 11 to [...]ts response. One of [the Comm]ission's objections to [the] UK measures was [that it h]as given insufficient [...]heir implementation.

[...]overnment have taken [...]ssary further action [...]f the repeated failure [of the EE]C Council of Ministers [to agree] on much-needed con[servation] measures to protect [...]s in British waters," [...] said.

[Comme]nting on the announce[ment, th]e British Fishing [Federation] (BFF) said the [measures] would be welcomed by [...] fishing organisations. [...]e been pressing for [...]ve for some time," a [...]n said.

[From J]une 1 all white fish [...] in the UK 200-mile [...]ne will have to have [...]f at least 75mm compared with 70mm at the moment. The scampi net minimum will go up to 70mm from 40mm.

"British fishermen have to discard any under-sized white fish they catch anyway as they are not acceptable at UK ports, but the Continentals can find a market for them," the BFF spokesman said.

The Government will only impose the measures if "it is clear that a satisfactory agreement cannot be reached by the Community," Mr. Silkin said.

He also pointed out that they were in line with scientific recommendations and with the Commission's proposals for European fish conservation.

Ministry officials said that the larger net meshes would inevitably mean a reduction in catches in the short term but estimated that the total North Sea white fish catch could be 40,000 to 50,000 tonnes higher within 18 months or so as a result.

UK fisheries ministers have also decided to continue the ban on fishing for herring in the Mourne fishery within 12 miles of the coast of Northern Ireland until August 31. The ban was scheduled to end on March 31.

## Pig fears

UNLESS the Government acts without delay to secure an overhaul of Common Market monetary compensatory amounts by 1985, Britain's pig breeding herds will be reduced to less than half of what they were when Britain joined the EEC, Mr. Keith Roberts, National Farmers' Union pigs committee chairman, said last night.

# World wheat pact extended

By Our Commodities Staff

IN THE absence of a new pact the 1971 International Wheat Agreement has been extended for two years from July 1, according to delegates at a meeting of the International Wheat Council in London yesterday.

The conference also agreed that governments should try to resolve as soon as possible the major issues blocking a new international wheat agreement, Reuter said.

Negotiations for a new pact covering wheat trade, consultations on coarse grains and food aid failed in Geneva last month over differences on price and the size of reserve stocks.

The conference also recommended that when the food aid committee under the current agreement next meets it should consider how the higher levels of aid outlined in Geneva last month can be brought into operation in 1979/80.

These are for a target of 10m tonnes of wheat to be given annually to developing countries for human consumption and compare with the current agreement's commitment of 4.26m tonnes.

Nearly 8m tonnes of the 10m tonnes had been allocated and agreed among donor countries when the negotiating conference ended in Geneva last month.

The U.S. said it would more than double the amount of cereals it donates to developing countries through the food aid convention. It has pledged 4.47m tonnes of cereals annually, as against the present figure of 1.89m contained in the current convention.

# Plan to cut apple imports opposed

BY CHRISTOPHER PARKES

THE COMMON Market's efforts to reduce imports of apples this spring and summer from South Africa, New Zealand, Australia, Chile and Argentina have run into heavy opposition from British traders.

Restrictions on imports will limit the choice of fruit available to shoppers and raise prices.

"It is incomprehensible that trade in this most popular fruit should be restricted," Mr. Sidney Garber, chairman of the EEC committee of the National Federation of Fruit and Vegetable Trades, said yesterday.

With the aim of keeping down imports to allow French and British growers to dispose of last year's surpluses of UK Cox and French Golden Delicious the Commission has asked traditional southern hemisphere suppliers "voluntarily" to limit their shipments.

The British Government, aware of the 500,000-tonne EEC apple surplus overhanging the market, has given tacit approval to the attempts to cut supplies.

The Chileans have been asked to limit their shipments this year to 30 per cent less than their average export tonnage over the past three years.

The others have been asked to take a 15 per cent cut. Their reaction is not expected to be favourable, and the Commission's efforts may prove to be in vain.

The South Africans, for example, well aware of their unpopularity in Europe, are resisting this new pressure. The Chileans are also suffering from a sense of political injustice, and in any case, a large proportion of their exports are already on their way.

The Australian crop is below expectations so exports will be down. New Zealand growers are concerned that to prevent upsets in negotiations over dairy products exports to the Community, their Government might give in to Commission requests.

And in Argentina, apparently beset by constant industrial trouble, production and potential exports remain hidden from the rest of the world.

COPA, the Community's farming lobby body in Brussels, estimates that southern hemisphere apple imports this season could total 380,000 tonnes and has asked the Commission to limit them to 240,000 tonnes.

British traders suggest that the limitations proposed by the Commission could keep imports down to around 270,000 tonnes in the new season.

Mr. Garber confirmed the National Farmers' Union view that up to 500,000 tonnes of EEC apples from last autumn's crop will probably have to be disposed of under normal intervention schemes—given away to social services or destroyed.

## Sugar output estimate up

By Our Commodities Staff

SUGAR STATISTICIAN F. O. Licht yesterday raised his estimate of world sugar production in the 1978-79 season to 92.38m tonnes.

This compares with his previous estimate of 92.16m tonnes, but is still below the 1977-78 figure of 93.5m tonnes.

EEC output is put at 12.38m tonnes, above the 1977-78 crop of 12.17m. Total world beet output is expected to rise to 36.39m tonnes against 35.82m previously.

World cane sugar production, however, is forecast to decline to 56.48m compared with 57.68m in 1977-78. The biggest fall is in Brazil where diversion of the group towards alcohol manufacture is expected to reduce sugar output there by nearly 1m to 7.78m tonnes.

There were rumours in the London sugar market that Thailand's crop had been hit by drought. It was claimed production may fall to 1.5m tonnes, against an original figure of 2.1m, but Licht has already reduced his estimate to 1.7m tonnes.

UK FARMING

# Lambing badly hit by long winter

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IT IS too early to say that this winter is going to be a disaster. But it is certainly beginning to make things difficult for many farmers.

The most obvious sufferers are the sheep, at present lambing in large numbers on lowland farms, and soon to be followed by the hill sheep. Many of the hill farming ewes have not been free of snow for about three months, and whatever valiant efforts their owners have made to feed them, lambing percentages are bound to have suffered.

The traditional hill breeds have great hardiness, but when their natural feed has been covered by deep snow they never thrive as well on hay and other feeds exclusively. What is believed to happen is that under stress their foetuses become reabsorbed in the ewe's system, and many end the winter barren.

The lowland flocks in the south of England have at least the benefit of snow-free fields now. Nevertheless the weather has been so bad, they are hardly likely to be comfortable and there is very little grass about. However lowland sheep are easily fed, and there is in the south, at any rate, sufficient hay and no shortage of compound feed.

If my own flock is any guide the lambs are quite good and have a good survival rate. But the percentage is not as good as it was last year. There appear to be fewer triplets than is normal and rather too many single lambs.

Lambing has also followed a rather peculiar pattern with a surge of twins for two or three days, and then a preponderance of singles. Other farmers in the south have had similar experience.

I believe the reason to be last autumn's drought which affected the sexual reactions of the ewes. These were in splendid condition at mating time, but because they were on excessively dry pasture they missed the flushing element of lush pasture.

Let me explain. At one time the traditional recipe for a heavy preponderance of twins and triplets was to flush the ewes on lush pasture before mating. There was no scientific basis for this, and latterly farmers had been led to believe by work in New Zealand that the weight of the ewes and their general condition is more important than the actual quality of the feed. This could now well be proved wrong, and tradition right.

Although there is no grass yet there is no shortage of fodder, particularly in the south of England. Hay is still relatively cheap. This happy position is entirely due to a gradual reduction in the cattle population from the very high peak reached in 1974 when the shortage of feed led to such difficulties for many livestock farmers.

In more northern counties and Scotland things are much more difficult, with the rising cost of compound feed being compounded by the physical difficulties of getting it to the stock through the snow.

There is no doubt that considerable damage has been caused to growing crops in some areas, and for this the autumn drought must also be blamed to some extent. Planting was delayed for several weeks last autumn because of soil conditions and where the crop had been planted germination was very bad indeed.

When the seeds finally germinated in December many of the plants were small and lifted out of the soil in the frost. The effect has been to thin out, but not kill, the whole crop.

Wheat has remarkable powers of recovery in such conditions. It used to be said that if when walking over a field of wheat in March one could put one's foot down on a plant at every step it would tiller enough to make a crop.

This may have been good enough for grandfather, but certainly would not suit modern farmers who look for about 200-300 plants per square metre.

In fact the determinant of wheat yield is the number of ears per square metre and, of course, how big they are. A thin crop will throw up many more heads per plant than will a thick one.

In general I believe British farmers tend to sow wheat rather too thickly, but even so our rate is only about half that in Schleswig Holstein. However heavy seed rates are an insurance in a season like this one is turning out to be.

Winter barleys have on the whole stuck the winter quite as well as wheat. In general the early sown crops look better than those sown later and overall they have greened up quite well from the horrid brown colour they had a short time ago.

The Ministry Advisory Service tells us there is sufficient nitrogen in the soil for the moment, but I wish I had engaged an aeroplane to put on an early dressing a month ago, as did some of my neighbours.

That is the picture this week. But a swing of the wind to the south west and a few warm nights could paint the farmland a nice bright green and we would soon forget the present misery.

# [Ca]mpaign to halt Dutch elm disease

[BY OU]R COMMODITIES EDITOR

[A NATIO]NAL campaign to stop [the spread o]f Dutch elm disease [was la]unched yesterday by the [Forestry] Commission. This fol[lows a r]ecent survey showing [that the e]ffect of the disease has [been muc]h worse than originally [thought.] It is estimated that [...]5m elms, out of a total [of abou]t 23m, have now [died as a] result of the disease. [The a]rea most affected—the [south of] England below a line [from the] Mersey to the Wash [and part]s of eastern Wales. [The] disease is spreading to the north of England, most of Wales and Scotland, where it is thought a further 4m elms are at risk.

The purpose of the Commission's campaign is to try to ensure that the elms hit by the disease are felled. It is calculated that only 5.5m trees, out of the 15.5m affected in the south of England, have been felled so far.

These dead trees are dangerous since they can fall at any time. At the same time the dead trees provide ideal breeding grounds for the beetle that carries the virus, so it is particularly important in the lightly affected areas that they should be felled to prevent healthy trees being affected. The Commission noted that two areas in the south of England—East Sussex and Brighton—have managed to stop the spread of the disease by acting quickly with "sanitation" felling programmes.

The dead elm can be safely used once the bark is stripped off and burnt. Ironically, one important use of elm wood is in manufacturing coffins, but it can also be used for fencing and firewood.

So far, despite intensive research, no cure has been discovered for Dutch elm disease. The Commission, therefore, points out that there is little point in replanting. It suggests that the opportunity should be taken to populate the devastated landscape with a wider range of trees, such as maple, lime, walnut, willow and flowering cherry.

# State to form animal welfare committee

FINANCIAL TIMES REPORTER

THE GOVERNMENT is to set up a committee to supervise the welfare of animals in the home, on the farm, in zoos and in the laboratory.

Mr. Jim Callaghan, Prime Minister, said Government shared the growing concern about the treatment of animals and had decided to set up a Council for Animal Welfare to oversee their handling and to advise the Government.

He told MPs it was a completely new and independent approach. The council will have the power to review existing legislation and recommend new laws or other action, and propose improvements in the existing advisory machinery.

The Government is also to establish a new advisory committee on the transport of farm animals. Grave doubts have been expressed by welfare organisations about existing transport controls.

There will be a major animal welfare debate in the Commons today.

# [BR]ITISH COMMODITY MARKETS

## [BASE] METALS

[COPPER]—Sharply higher for the fifth trading day on the London [Metal Exch]ange. [...] [illegible]

| COPPER | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| Wirebars | £ | £ | £ | £ |
| Cash | 1053.5-4 | +36 | 1054-5 | +32 |
| 3 months | 1070-1 | +38.2 | 1070.5-1 | +31.2 |
| Settlem't | 1054 | +36 | | |
| Cathodes | | | | |
| Cash | 1045-7 | +33 | 1046.5-7.5 | +31.5 |
| 3 months | 1063.5-4 | +34 | 1063-4 | +31 |
| Settlem't | 1047 | +33 | | |
| U.S. Prod. | — | | *80-8 | |

TIN—Barely changed. Forward metal opened at £7,310 and rose to £7,340 owing to the firmness of copper. But bull liquidation depressed the price to £7,300 on the morning kerb. In the afternoon heavy selling in the ring pushed forward metal down to £7,250 but it rallied on the late kerb to close at £7,280. Turnover 1,105 tonnes.

Morning: Standard, cash £7,435, 20, three months £7,330, 35, 30, 25. Kerb: Standard, three months £7,300. Afternoon: Standard, three months £7,285, 80, 70, 75, 70, 80, 60, 50, 60, 65, 70.

| TIN | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 7440-50 | +5 | 7355-75 | —40 |
| 3 months | 7330-5 | +2.5 | 7280-300 | —20 |
| Settlem't | 7450 | +10 | | |
| Standard | | | | |
| Cash | 7420-5 | +35 | 7340-50 | —30 |
| 3 months | 7320-5 | +35 | 7265-70 | —7.5 |
| Settlem't | 7425 | +35 | | |
| Straits. E. | †$1958 | —10 | | |
| New York | — | | | |

LEAD—Lower, as profit-taking pushed forward metal down to the day's low of £527.5 on the late kerb after it had fluctuated between £552 and £540 during the morning. Turnover 10,500 tonnes.

Morning: Cash £566, 67, three months £538, 39, 38, 37, 38, 35, 36. Kerb: Three months £536, 34, 32. Afternoon: Three months £531, 30, 29, 28, 27, 27.5, 30, 29, 28, 29, 30. Kerb: Three months £528, 28, 27, 26, 25, 24, 25, 25.5, 26, 27.

| LEAD | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 566.5-7.5 | −.5 | 558-61 | −5 |
| 3 months | 535.5-6 | +2.25 | 530-1 | −6.75 |
| Settlem't | 567.5 | −1 | | |
| U.S. Spot | | | *44 | |

ZINC—Steady, reflecting the sharp rise in copper. Forward metal opened at £409 and stayed around that level all day prior to closing at £406.5 on the late kerb. Turnover 7,525 tonnes.

Morning: Three months £408, 7, 8, 7.5, 7, 8, 7.5. Kerb: Three months £408. Afternoon: Three months £406, 7, 6.5, 6, 7. Kerb: Three months £406, 7.

| ZINC | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 395-.5 | +3.75 | 394.5-5 | +3.5 |
| 3 months | 407.5 | +3 | 406-7 | +2.25 |
| S'ment | 396 | +4 | | |
| Prim. west. | | | *37.5 | |

ALUMINIUM—Marginally easier. Forward metal moved up to £772 in the morning, reflecting the rise in copper, but then eased back on profit-taking to £760 before a late rally left it at £767 on the late kerb. Turnover 5,600 tonnes.

Morning: Three months £770, 69, 68.5, 68, 67, 66, 67, 66.5. Kerb: Three months £765. Afternoon: Three months £767, 65.5, 64, 65, 64, 64.5, 65. Kerb: Three months £764.5, 64, 63, 62, 63, 67.

| Alumin'm | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 771-2 | +7 | 768.5-70.5 | —1.5 |
| 3 months | 765.5-7 | +7.5 | 764.5-5 | −1.75 |

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

CORAL INDEX: Close 515-520











## COFFEE

Robusta coffee futures opened sharply higher as possible producer-linked buying sparked a £20 rally, reports Drexel Burnham Lambert. The afternoon was rather disappointing after the early action but the market remained buoyant as prices consolidated in a £5 range before a minor retracement towards the close pared gains slightly and values finished £6-£29 higher from the previous night's closes.

| COFFEE | Yesterday's Close | + or − | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| March | 1446-1447 | +46.0 | 1460-1445 |
| May | 1442-1445 | +17.5 | 1454-1425 |
| July | 1447-1448 | +22.0 | 1458-1434 |
| September | 1450-1454 | +28.0 | 1460-1440 |
| November | 1452-1455 | +21.5 | 1460-1444 |
| January | 1443-1455 | +29.0 | 1460-1445 |
| March | 1433-1435 | +23.5 | 1440-1430 |

Sales: 4,266 (3,511) lots of 5 tonnes.

ICO Indicator prices for March 21 (U.S. cents per pound): Colombian Mild Arabicas 134.00 (134.50); unwashed Arabicas 141.00 (same); Robustas ICA 1968 135.50 (136.00); Robustas ICA 1976 135.00 (132.17); other Mild Arabicas 128.67 (128.83); Composite daily average 135.95 (130.48).

## RUBBER

ABOUT UNCHANGED opening on the London physical market. Little interest throughout the day, closing quiet. Lewis and Peat reported a Malaysian godown price of 258 (257) cents a kilo (buyer, April).

| No. 1 R.S.S. | Yesterday's Close | Previous Close | Business Done |
|---|---|---|---|
| April | [illegible] | [illegible] | [illegible] |
| May | 61.25-61.30 | 61.80-61.85 | 61.50-61.15 |
| Apr-Jne | 61.25-61.30 | 61.75-61.90 | 61.25-60.75 |
| Jy-Sept. | 64.20-64.25 | 64.75-64.80 | 64.60-63.65 |
| Oct-Dec | 66.15-66.20 | 66.75-66.80 | 66.85-65.70 |
| Jan-Mar | 68.20-68.25 | 68.70-68.80 | 68.40-67.65 |
| Apr-Jne | 70.20-70.30 | 70.65-70.70 | 69.80 |
| Jy-Sept. | 71.20-71.25 | 72.70-72.75 | 72.40-71.75 |
| Oct-Dec | 74.20-71.25 | 74.70-74.75 | 72.40-71.75 |
| Oct-Dec | 74.20-74.30 | — | 74.20-73.65 |

Sales: 394 (340) lots of 15 tonnes and 41 (40) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 59.5p (59.75); April 61.25p (61.5); May 61.5p (62.0).

## SILVER

Silver was fixed 10.4p an ounce higher in the London bullion market yesterday at 372.90p. U.S. cent equivalents of the fixing levels were: Spot 758.1c, up 20.6c; three-month 775.2c, up 21.6c; six-month 790.0c, up 20.6c; and 12-month 816.5c, up 21.0c. The metal opened at 369-370½p (750-753c) and closed at 372½-374p (758-761c).

| SILVER per troy oz. | Bullion fixing price | + or − | L.M.E. close | + or − |
|---|---|---|---|---|
| Spot | 372.9p | +10.4 | 375.1p | +7.65 |
| 3 months | 382.7p | +10.9 | 382.95p | +7.65 |
| 6 months | 391.1p | +11.0 | — | ...... |
| 12 months | 406.4p | +11.4 | — | ...... |

LME—Turnover 368 (139) lots of 10,000 ozs. Morning: Three months 383.8, 83.7, 83, 83.5, 83.6, 83.5, 83.3, 83.5, 83.4, 83.3. Kerb: Three months 383. Afternoon: Three months 383.5, 83.3, 83.2, 83, 83.1, 83.2, 83.5, 83.2. Kerbs: Three months 382.5, 82.3, 82, 82.1, 82, 81.7, 81.5, 82, 83, 83.2, 83.

## COCOA

Prices traded within a narrow range before reaching the day's highs at the close, reported Gill and Duffus.

| COCOA | Yesterday's Close | + or − | Business Done |
|---|---|---|---|
| March | 1665.0-60.0 | +18.0 | 1664.0-36.0 |
| May | 1683.0-84.0 | +16.0 | 1684.0-62.0 |
| July | 1680.0-81.0 | +9.25 | 1685.0-63.0 |
| Sept | 1698.0-1700.5 | +5.75 | 1702.0-1686 |
| Dec | 1750.5-54.5 | —2.5 | 1755.0-45.0 |
| March | 1778.0-85.0 | +1.5 | 1778.0-75.0 |
| May | 1808.0-10.0 | +6.0 | — |

Sales: 2,839 (4,859) lots of 15 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price March 21 150.71 (151.56): Indicator prices for March 22: 15-day average 155.45 (156.23); 22-day average 157.46 (158.01).

## SOYABEAN MEAL

The London market opened with gains of £1 to £1.50 reported T. G. Roddick. Nervous short-covering and nearby cash interest kept the market steady.

| | Yesterday's Close | + or − | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| April | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] |
| August | [illegible] | [illegible] | [illegible] |
| October | [illegible] | [illegible] | [illegible] |
| December | [illegible] | [illegible] | [illegible] |
| February | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] |

Sales: 188 (84) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE (raw sugar): £105.00 (£103.50) a tonne cif for March-April shipment. White sugar daily price was fixed at £104.00 (same).

The market opened some 25 points above kerb levels and remained very steady throughout the day before heavier selling at the close pared the gains somewhat, reports C. Czarnikow.

| Sugar Pref. Comm. Con. | Yesterday's Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| May | 109.50-09.55 | 109.55-08.60 | 09.70-08.75 |
| Aug | 113.25-13.50 | 112.55-12.60 | 13.65-12.75 |
| Oct. | 116.25-16.50 | 115.50-15.60 | 16.60-15.40 |
| Dec | 118.85-18.90 | 118.20-18.60 | 19.20-18.75 |
| March | 125.10-25.15 | 122.40-22.50 | 25.90-22.65 |
| May | 125.40-25.45 | 124.65-25.00 | 25.75-25.45 |
| Aug | 128.10-28.40 | 127.40-28.00 | — |

Sales: 2,537 (1,182) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £172.50 (£171.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for March 21: Daily 8.39 (8.48); 15-day average 8.44 (8.45).

WHITE SUGAR—Close (in order buyer, seller, business, sales). July 109.05, 109.25, 109.25-109.50, 72; Sept 114.30, 114.40, 114.75-13.60, 68; Nov. 18.00, 118.40, 118.50-18.25, 12; Feb. 126.00, 116.50, nil, nil; April 130.75, 131.25, 130.00, 5; July 124.00, 136.00, nil, nil; Sept. 137.50, 139.75, nil, nil. Sales. 157.

## GRAINS

LONDON FUTURES (GAFTA)—Grains opened 10p higher. In uneventful trading conditions old crop values eased to close 15p lower on March barley—5p lower on May. March wheat closed 10p up and 15p lower on May. New crop wheat saw good buying interest, the main volume being in Sept to close steady 20p higher on the day. Barley new crops remained steady to close 15-20p up, Acli reported.

HGCA—Location ex-farm spot prices. Other Milling Wheat: N. Lincolnshire 9.00, Hants and W. Susex 98.00. Feed Barley: N. Lincolnshire 91.80, Hants and W. Sussex 92.40.

The UK monetary coefficient for the week beginning March 26 will remain unchanged.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| M'nth | Yesterday's close | + or − | Yesterday's close | + or − |
| Mar. | 97.55 | +0.10 | 93.65 | —0.25 |
| May | 99.30 | —0.15 | 95.40 | —0.05 |
| Sept. | 92.85 | +0.20 | 86.55 | +0.20 |
| Nov. | 95.90 | +0.20 | 89.65 | +0.20 |
| Jan. | 99.40 | +0.20 | 93.25 | +0.15 |

Business done—Wheat: March 97.60-97.55. May 99.60-99.30. Sept. 92.85-92.65. Nov. 95.85-95.70. Jan. nil. Sales: 82. Barley: March 93.95-93.60. May 95.50-95.35. Sept. 86.50-86.45. Nov. 89.85-89.70. Jan. nil. Sales: 84.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, April-May 84.25, May 83.75, June 82.25, transhipment East Coast. U.S. Hard Winter, 13½ per cent, March 90.50, transhipment East Coast. EEC wheat unquoted. Maize: U.S./French March 109, April 109, May 110, transhipment East Coast. South African White unquoted. South African Yellow May 74.00 UK. Barley: English feed fob April 96, April-June 98.50, Oct.-Dec. new crop 92, East Coast.

EEC IMPORT LEVIES—The following levies and premiums are effective for March 23 in order of current levy plus April, May and June premiums (with previous in brackets) all in units of [...]

## WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: March 389.0, 391.0, 396.0-390.0, 19; May 399.5, 400.0, 400.0-398.0, 41; July 407.0, 408.0, 411.0-406.0, 77; Oct. 401.0, 402.0, 406.0-401.5, 111; Dec. 400.0, 402.5, 405.0-402.0, 100; March 403.0, 406.0, 406.5-405.0, 96; May 405.0, 407.5, 410.0-407.0, 38; July 411.0, 413.0, 415.0-410.5, 39. Sales: 521.

LONDON GREASY—Close (in order buyer, seller). March 237.0, 243.0; May 243.0, 247.0; July 247.0, 253.0; Oct. 250.0, 255.0; Dec. 250.0, 255.0; March 250.0, 255.0; May 250.0, 255.0; July 250.0, 255.0. Sales: nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). March 197.0, 204.0; May 198.0, 203.0; July 202.0, 207.0; Oct. 204.0, 207.0; Dec. 207.0, 210.0; March 207.0, 213.0; May 207.0, 213.0; July 207.0, 213.0. Sales: 6.

BRADFORD—Merino topmakers increased quotations in some instances earlier this week by a penny or so. Since then wool sale reports have been firm but business remains patchy.

*

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 14 tonnes, bringing the total for the week so far to 296 tonnes. Even smaller contracts were reported than earlier in the week, and the offtake was decidedly narrow. A few purchases took place in Middle Eastern styles, but operations in Russian, and Turkish were negligible.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | Mar. 22 1979 | + or − | Month ago |
|---|---|---|---|
| Metals | | | |
| Aluminium | £710 | | £710 |
| Free Mkt (cts) | [illegible] | [illegible] | [illegible] |
| Copper Cash w'bar | £1054.5 | +32 | [illegible] |
| 3 mths | [illegible] | [illegible] | [illegible] |
| Cash Cathode | £1047 | +31.5 | [illegible] |
| 3 mths | [illegible] | [illegible] | [illegible] |
| Gold troy oz | [illegible] | [illegible] | [illegible] |
| Lead cash | [illegible] | [illegible] | [illegible] |
| 3 mths | [illegible] | [illegible] | [illegible] |
| Nickel | [illegible] | | [illegible] |
| Free mkt (c)(lb) | [illegible] | | [illegible] |
| Platin'm tr'y oz | £164.5 | | £164.5 |
| Free mkt | [illegible] | [illegible] | [illegible] |
| Quicksilver | [illegible] | | [illegible] |
| Silver troy oz | 372.9p | +10.4 | [illegible] |
| 3 mths | 382.7p | [illegible] | [illegible] |
| Tin cash | £7,345 | [illegible] | [illegible] |
| 3 mths | [illegible] | [illegible] | [illegible] |
| Tungsten | [illegible] | | [illegible] |
| Wolfram 22.04 cif | [illegible] | | [illegible] |
| Zinc cash | [illegible] | [illegible] | [illegible] |
| 3 months | £406.5 | [illegible] | [illegible] |
| Producers | $800 | | $800 |
| Oils | | | |
| Coconut (Phil) | [illegible] | [illegible] | [illegible] |
| Groundnut | [illegible] | | [illegible] |
| Linseed Crude | [illegible] | [illegible] | [illegible] |
| Palm Malayan | [illegible] | [illegible] | [illegible] |
| Seeds | | | |
| Copra Phil. | [illegible] | [illegible] | [illegible] |
| Soyabean (U.S.) | [illegible] | [illegible] | [illegible] |
| Grains | | | |
| Barley Futures | £95.4 | [illegible] | [illegible] |
| Maize French No.3 Am | £109 | | £109 |
| Wheat | | | |
| No. 1 Red Spg. | ‡ | | ‡ |
| No2HardWint. | £90.5 | | £90.25 |
| Eng. Milling † | £103.5r | | £95.5 |
| Other commodities | | | |
| Cocoa ship't | £1,700 | —8.0 | £1,785 |
| Future May | £1,683.5 | +16.0 | £1,758.5 |
| CoffeeF't'r May | £1,443.5 | +7.5 | £1,359.5 |
| Cotton A'index | 75.6c | +0.1 | 76.95c |
| Rubber kilo | 59.5p | —0.25 | 62p |
| Sugar (Raw) | £105 | +1.5 | £108 |
| Wooltp's 64s kl | 291p | | 274p |

* Nominal. † New crop. ‡ Unquoted. p April-May. q May-June. r May. s June-July. t April-June. v March-April. w April. x Per ton. z Indicator. § Buyer.

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £4.20-£5.00, codlings £3.40-£4.00; large haddock £4.00-£4.60, medium £3.50-£4.10, small £2.80-3.60; large plaice 3.40-£4.40, medium £3.40-£4.00, best small 4.00-£4.70; large skinned dogfish £12.00, medium £11.00; large lemon soles £9.00, medium £8.00; reds £2.20-£2.70; saithe £2.00-£2.40.

*

## MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 54.0 to 58.0; Eire hindquarters 66.0 to 69.0, forequarters 36.0 to 40.0.

Veal: Dutch hinds and ends 86.0 to 95.0.

Lamb: English small 58.0 to 68.0, medium 56.0 to 65.0, heavy 54.0 to 60.0; Scottish medium 56.0 to 66.0, heavy 54.0 to 60.0. Imported frozen: NZ PL new season 48.0 to 49.0, PM new season 47.5 to 48.0.

Pork: English, under 100 lb 36.5 to 45.0, 100-120 lb 35.5 to 43.0, 120-160 lb 35.0 to 41.0.

MEAT COMMISSION—Average fatstock prices at representative markets on March 22. GB—Cattle 72.87p per kg.l.w. (+0.20). UK—Sheep 166.8p per kg.est.d.c.w. (+9.4). GB—Pigs 59.6p per kg l.w. (−2.0). England and Wales: Cattle numbers up 6.7 per cent, average price 73.16p (+0.04). Sheep down 11.0 per cent, average 166.8p (+9.5). Pig up 8.5 per cent, average 59.6p (−2.0). Scotland: Cattle up 4.4 per cent, average 72.03p (+0.61).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navels 3.20-3.60, Bloods 3.00-3.40; Israeli: Shamouti 4.40-5.40; Cyprus: 3.30-4.30; Moroccan: Valencia Lates 3.80-4.20. Ortaniques—Jamaican: 46/126 6.50-8.50. Wilkings—Spania: 4.00-4.50. Lemons—Italian: 120s 4.80; Cyprus: Trays 3.00-3.60, cartons 126/180s 4.00-6.00; Spania: Trays 30/40/45 1.90-2.00. Grapefruit—Cyprus: 2.50-3.80. Israeli: Jaffa 27/88 3.45-4.25. Apples—S. African: Dunn's 7.00-7.50, Golden Delicious 7.50-9.00; French: Golden Delicious (40-lb) 138/175s 3.50-4.50, (20-lb) 72s 2.20-2.30, 84s 1.80-2.00; Granny Smith (40-lb) 138/163 4.50-5.80, (20-lb) 72s 2.80, 84s 2.30, (jumble pack) per pound 0.08-0.10, Stark Crimson (40-lb) 138/198s 4.00-5.60, (20-lb) 84s 1.80-2.20, 72s 2.40-2.50, (jumble pack) per pound 0.07-0.08; Starking Delicious (40-lb) 150/175s 3.60-5.00. Hungarian: Starking Delicious 40-lb 5.20. Pears—Per pound, Italian: Passacressana 0.13; S. African: Williams Bon Chretien 6.50, Beurre Hardy 6.00-6.30.

English Produce: Potatoes—Per 25-kg 1.70-2.60. Lettuce—Per 12 round 2.00-2.30. Mushrooms—Per pound 0.60-0.65. Apples—Per pound Bramley 0.05-0.11, Cox's Orange Pippin 0.06-0.15; Spartan 0.06-0.10; Laxtons 0.05-0.05. Pears—Per pound Conference 0.10-0.15, Comice 0.16-0.22. Cabbages—Per net 3.60-4.50. Beetroot—Per 28-lb 0.90. Carrots—Per 28-lb 0.80-1.20. Onions—Per 28-lb 1.80-2.50. Rhubarb—Per pound 0.24. Swedes—Per 28-lb 0.80-0.90. Turnips—Per 28-lb 1.00-1.20. Parsnips—Per 28-lb 1.20-1.30. Sprouts—Per pound 0.18-0.22. Cucumbers—Tray 12/18s 3.60-4.00. Tomatoes—Per pound 0.45-0.50.

# AMERICAN MARKETS

NEW YORK, March 21.

[illegible]

CHICAGO, March 21

Lard—Chicago loose 27.25. New York prime steam 28.75 traded (28.75).

‡‡Maize—March 244½-243½ (245¼), May 247-246½ (247), July 250-249¾, Sept. 252¾, Dec. 259-259½, March 267¼.

[...] ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). §$Can. per metric ton. §§ $ per 1,000 sq. feet. † Cents per dozen.

# EUROPEAN MARKETS

ROTTERDAM, March 22.

U.S. No. 2 Dark Hard Winter wheat 13.5 per cent March $168. U.S. Hard Winter Wheat ordinary not offered. U.S. No 2 Red Winter wheat June $148, July $144, Aug. $146. U.S. No. 2 Northern Spring wheat 14 per cent May $153, June $150, July $148, Aug. $147.

Maize—U.S. No. 3 Corn Yellow July-Sept. $122.75, traded AFL $125.00. March $125.00, April $125.00, May $124.50, June $123, July-Sept. $123, Oct.-Dec. $124.50.

Soyabeans—U.S. 2 Yellow Gulfports afloat $311.70, March $313.50, sellers April $313.80-313.85, paid May $313.75, paid June $314, seller July $314, paid Aug. $313.50, Sept. $318, Oct. $287, Nov. $285.50, Dec. 289, Jan. $292, Feb. $296, March $297, sellers Brazil Yellow FAQ unquoted. U.S./Brazil unquoted, Lakes unquoted, Argentine April $308.60, May June $304, July $304.50, sellers very steady.

Soyameal—44 per cent protein U.S. March $243.50, April $242, April-Sept. $243.30, trading AFL $244, March $243.50, April $243, April-Sept. $243.50, Nov.-March $240, sellers Brazil AFL $247-248, traded AFL $248, March $249, April-May $248, April-Sept. $250 sellers.

PARIS, March 22.

Cocoa (FFr per 100 kilos). March 1400-1445, May 1431-1432, July 1430 bid, Sept 1471-1472, Dec. 1490-1495, March 1495 bid. Sales at call 12. Accumulative total 125.

Sugar (FFr per 100 kilos). May 913-915, July 935-935, Aug. 952-955, Oct. 895-897, Nov 990-996, Dec. 1025-1040, March 1070-1085, May 1090-1100. Sales at call 1.

## INDICES

FINANCIAL TIMES

| Mar. 21 | Mar. 20 | M'nth ago | Year ago |
|---|---|---|---|
| 272.03 | 273.85 | 270.08 | 234.26 |

(Base: July 1, 1952=100)

MOODY'S

| Mar. 21 | Mar. 20 | M'nth ago | Year ago |
|---|---|---|---|
| 1064.7 | 1064.9 | 1043.3 | 897.6 |

(December 31, 1931=100)

DOW JONES

| Dow Jones | Mar. 21 | Mar. 20 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 380.05 | 381.04 | 382.56 | 355.55 |
| F'tur's | 385.16 | 385.46 | 381.79 | 342.51 |

(Average 1924-25-26=100)

REUTERS

| Mar. 22 | Mar. 21 | M'nth ago | Year ago |
|---|---|---|---|
| 1570.6 | 1566.2 | 1554.2 | 1416.1 |

(Base: September 18, 1931=100)

# Markets become volatile late on election possibilities

# Equities rescind good early gains and Gilts end lower

**Account Dealing Dates**

**Option**

| *First Declara- tions | Last Dealings | Account Dealings | Day |
|---|---|---|---|
| Mar. 12 | Mar. 22 | Mar. 23 | Apr. 3 |
| Mar. 26 | Apr. 5 | Apr. 6 | Apr. 18 |
| Apr. 9 | Apr. 19 | Apr. 20 | May 1 |

* "New time" dealings may take place from 9.30 am two business days earlier.

Leading shares began full of optimism in stock markets yesterday with dealers anticipating a continuation of Wednesday's late upsurge ahead of the Prime Minister's devolution statement. The extent of the initial markup ranged to 10p in selected heavier-priced stocks — it put another 6.4 on the FT 30-share index at the first calculation — but investors were not impressed. Many seemed prepared to bide their time until Mr. Callaghan's television broadcast later in the evening and a downdrift was set in motion by the appearance of occasional professional profit-takers who were attempting to close Current Account trading positions.

Leading industrials had rescinded most of the gains ahead of news that the Prime Minister, as generally expected, had proposed all-party talks on Scottish devolution to be concluded by the end of next month. Again as expected, no date was announced for the debate on repeal of the home-rule Act.

A progressive easing in share values was halted later in the afternoon following the Scottish Nationalists' tabling of a motion of no confidence in the Government, but by that time operators had become nervous and showed a tendency to await events. The FT 30-share index thus closed at the day's lowest with a net loss of 1.2 at 514.6.

The Gilt-edged sector was even more volatile. Rises extending to ¾ were established at the longer end of the market on the announcement that because of sizeable subscriptions the new Government stock would not operate as a tap. Optimism faded later as thoughts developed that the new stock was unlikely to begin life at premium today and the market reacted to come into line with the terms of the issue.

The money supply figures were acutely disappointing and aggravated the decline while falls were extended to a full point after-hours following the Premier's remarks on devolution. Subsequently, however the Scottish Nationalists' motion of no confidence led to a recovery which reduced final losses to around ½. A similar trading pattern occurred in the shorts although the fluctuations here were confined to a narrower range.

Southern Rhodesians bonds held at the enhanced levels of the previous day with the 2½ per cent 1965/70 issue at £57 and the 6 per cent 1978/81 at £92; both prices in yesterday's issue were incorrect.

MEPC 6½ per cent Convertible 1995/2000 made its debut at £71 in ex-dividend form against the placing price of £72½ cum dividend.

This investment currency market established a trading level after the previous day's sharp fall and, in a good two-way business, the premium touched extremes of 64 and 66½ per cent before closing a net ¾ higher at 66 per cent. Yesterday's SE conversion factor was 0.7748 (0.7625).

### Banks undecided

Marked higher initially, a lack of follow-through support took home banks lower. NatWest cased 8 to 332p and Midland 5 to 395p.

In Insurances, the slightly lower-than-expected annual results left C. T. Bowring unchanged at 131p after earlier progress to 136p, but the possible merger of its U.S. insurance broking operations with the Los Angeles-based Diversified Insurance lifted Stenhouse 5 to 103p.

Brewery and associated issues opened firmly but lack of follow-through demand left closing prices little changed. Bass retained a gain of 3 at 190p. Scottish and Newcastle became a good market and added 3 to 63p.

Difficult trading conditions prevailed in the Building sector where prices presented a decidedly mixed picture. Among the leaders, Blue Circle held a gain of 3 at 299p. Elsewhere, fresh demand lifted Fochins 10 to 142p and, in a thin market, Brown and Jackson added 12 to 386p. Allied Plant posted a gain of 1½ to 22½p. After touching 75p following the improved annual results and proposed two-for-three scrip issue, Sharpe and Fisher encountered profit-taking and slipped back to unchanged at 73p.

Marked up to 400p in early dealings, ICI drifted off and closed 4 cheaper on balance at 393p. Late offerings left Fisons 7 down at 308p, while Yorkshire Chemical touched 70p on the lower annual profits before settling 6 down on balance at 74p.

### Burton Good

Firm at the outset, Store leaders reacted to end around the previous day's closing levels. Burton provided an exception, renewed enfranchisement hopes lifting the Ordinary 10 to 280p, and the A, 12 to 252p, both 1978/79 peaks. H. Samuel advanced 7 to 209p on country buying, while Ernest Jones rose 5 to 211.

Following overnight demand from the U.S., EMI opened higher at 143p and improved a shade further to 144p before selling took the price back to a close of 136p, up 6 on balance. Elsewhere in the Electrical leaders, GEC touched 390p initially but ran back to finish only a penny up on the day at 385p. Down to 720p in front of the results, Philips Lamp recovered smartly on them to 755p, up 17 on balance. F. W. Thorpe put on 6½ to 94p following the half-yearly results.

Renewed demand took John Brown up to a fresh 1978-79 peak of 540p before settling at 535p for a rise of 10. Tubes at 406p, however, gave up 12 of the previous day's rise of 20 which followed the preliminary results. Outside of the Engineering leaders, Williams and James featured with a rise of 11 to 178p in response to the annual figures, while Weir Group, up 8 more at 113p, continued to benefit from the increased final dividend and the forecast of a sharp profits recovery in the current year. Buyers showed interest in Simon Engineering, which touched 322p before closing at 320p, up 10 on balance. A. Cohen improved a similar amount to 215p, while support was also forthcoming for Capper-Neill, 5 higher at 63p, after 66p, and Midland Industries, 6 to the good at 70p. Molins hardened 2 more to 162p on the preliminary results, but lower annual profits left Garton Engineering 2 cheaper at 81p. Revived demand prompted a gain of 4½ to 66½p in Wellman Engineering, while Whessoe responded to favourable Press mention with a rise of 4 to 116p.

Standing 12 higher awaiting the interim results, Morgan Edwards touched 103p on the announcement before profit-taking left the price at 92p for a net gain of 4. Bernard Matthews attracted support at 232p, up 9, the annual results are due next Thursday. News that nearly 9m shares in the company had been placed with institutions made no apparent impact on the price of Tesco, which retained an early improvement of ½ at 65½p. Among other Foods, Northern continued firmly to 129p for a gain of 4, but J. Sainsbury ended 5 down at 298p, after 305p.

### Rockware lower

Leading miscellaneous Industrials opened higher, but eventually succumbed to increased offerings which found the market unwilling. Glaxo ended 10 off at 557p, after 570p, while Beecham finished a few pence cheaper at 697p, after 708p. Metal Box, however, ended 4 dearer at 326p after 340p. Elsewhere, Rockware Group continued to reflect disappointment with the annual results and fell 10 for a two-day loss of 15 to 112p. Late support prompted a gain of 9 to 130p in Whitecroft Industrial, while BTR were also noteworthy for a rise of 14 to 421p. Trading statements were responsible for gains of around 3 in Thomas Tilling, 149p, Gibbons Dudley, 75p, and Cope Allman International, 78½p. Cleaning issues encountered support, Sketchley improving 7 to 188p. Johnson Group 3 to 136p and Initial Services 2 to 134p. Barrow Hepburn were favoured at 36p, up 4, and Hepworth Ceramic continued to benefit from the annual results and rose 3 further to 99½p. Following rejection of the bid from Lonrho, Scottish and Universal Investments improved 2 to 191p; Lonrho closed 2 cheaper at 79p making the offer worth 179p per share.

In Leisures, Saga Holidays touched 247p before the disappointing interim announcement dropped the price to 220p for a net fall of 22. By contrast, Horizon put on 6 to 188p, after 195p, in response to the good annual results. Elsewhere, Boosey and Hawkes found support and added 7 to 181p.

Motors and kindred issues displayed a narrowly mixed appearance. British Car Auction, at 83p, relinquished 2½ of Wednesday's rise of 7½ on profit-taking, while Heron, 133p, and Arlington, 124p both firmed around 3.

Provincial newspaper issues advanced over a broad front ahead of trading statements due next week. Home Counties, preliminary results expected on Wednesday, added 3 to 88p, as did Portsmouth and Sunderland, at 83p. United rose 5 to 340p, while Liverpool Daily Post jumped 11 to 136p, the latter following the better-than-expected annual results. Among major counties, News International put on 9 to 300p; the results are due on Thursday.

News that British and Commonwealth had increased its stake in the company to 8.96 per cent left British Land a penny up at 86½p, but the announcement that the latter had sold its 20.03 per cent stake in Churchbury Estates to London Trust made no impact on Churchbury which held at 370p. Elsewhere in Properties, City Offices held a late gain of 4 at 90p on the announcement of the leasing of the St. Clement's House building to the Standard and Chartered Bank. Satisfactory interim results prompted a rise of 4 in C. H. Beazer, 83p, while other improvements of note included Bellway, which firmed 5 for a two-day gain of 8 to 100p, and Rush and Tompkins, which put on 8 to 134p in a thin market.

Conditions in the Oil market were again fairly active. Sellers, however, were in a majority and prices finished lower throughout the list. British Petroleum gave up 8 to 1084p and Shell 3 to 700p while, in the speculative issues, Siebens (UK) dipped 10 to 256p. Against the trend, Oil Exploration firmed 6 to 233p.

Among Financial Trusts, Dawnay Day reacted 3 more to 36p on the fall in the annual profits, but Robert Kitchen Taylor advanced 7 to 182p following the annual general meeting.

In Textiles, Courtaulds slipped 3 to 105p, but Sunbeam Wolsey closed 5 to the good at 51p after the satisfactory results.

Following the disclosure that M and G now hold 12.31 per cent of the equity, Guthrie firmed 5 to 523p; bidders Sime Darby eased 4 for a two-day fall of 7 at 88p.

### Golds better

After losing ground for the previous three days South African Golds staged a modest rally following the improvement in the bullion price coupled with a steadier investment premium and a rise in the Financial Rand.

Activity in the market, however, continued at a low level with the exception of persistent Johannesburg buying of the marginal issues.

Among the latter, Marievale were outstanding with a 9 gain at 91p, while West Rand Consolidated put on 7 to 178p. The Gold Mines index recovered 0.5 to 159.1 and the ex-premium index 2.4 to 123.3.

South African Financials made a good recovery after an uncertain start. De Beers recouped 14 of the previous day's 18 fall to close at 426p, while Amgold finished ½ up at £16¾, after £16, and Johannies unchanged at £16½, after £16.

A strong rise in the copper price coupled with the initial firmness of the equity market prompted a fair amount of support for London-registered Financials, where Gold Fields put on 5 to 223p, Rio Tinto-Zinc 4 to 308p, after 309p, and Selection Trust 9 to 543p. The strength of copper also encouraged buying of Messina which advanced 8 to 90p.

Australians rallied after being marked down initially on the further downturn in overnight domestic markets. Firmer base metal prices helped MIM Holdings close a penny up on balance at 233p, after 228p. Western Mining held steady at 173p on further consideration of the new base-metals prospect near Benambra.

The more speculative issues, however, continued to ease with Cultus Pacific 5 lower at 30p and Haoma Gold 2 easier at 35p.

## OPTIONS

**DEALING DATES**

| First Deal- ings | Last Deal- ings | Last Declara- tion | For Settle- ment |
|---|---|---|---|
| Mar. 20 | Apr. 2 | June 14 | June 26 |
| Apr. 3 | Apr. 17 | June 28 | Jul. 10 |
| Apr. 18 | Apr. 30 | Jul. 12 | Jul. 24 |

For rate indications see end of Share Information Service

**OPTIONS**

Money was given for the call in Grand Met., Allied Colloids, MFI, GRA, British Land, British Car Auctions, GEC, Milbury, Myson, Wallis Fashion, Associated Fisheries, Coral Leisure, Inveresk, UDT, Ladbroke, Tesco, Capital and Counties, Pilkington, John Brown, Burmah, Lucas, Decca A, Woolworth, Westland Aircraft, P & O, Bats, UDT, Law Land, ICI, Bambers, Hill Samuel, Pacific Copper and Sound Diffusion. EMI was dealt in for the put, while doubles were arranged in Status Discount, British Land and Premier Oil.

## FINANCIAL TIMES STOCK INDICES

| | March 22 | March 21 | March 20 | March 19 | March 16 | March 15 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 72.29 | 72.54 | 72.56 | 71.53 | 71.85 | 71.06 | 75.27 |
| Fixed Interest | 73.24 | 73.35 | 72.92 | 72.25 | 72.22 | 71.91 | 78.38 |
| Industrial | 514.6 | 515.8 | 505.6 | 509.7 | 510.9 | 508.7 | 460.5 |
| Gold Mines | 159.1 | 158.6 | 157.6 | 159.6 | 159.7 | 158.3 | 155.8 |
| Gold Mines(Ex-$ pm) | 123.3 | 120.9 | 122.9 | 123.4 | 121.8 | 118.1 | 108.6 |
| Ord. Div. Yield | 5.55 | 5.49 | 5.60 | 5.55 | 5.54 | 5.55 | 5.86 |
| Earnings, Yld % (full) | 14.76 | 14.57 | 14.88 | 14.76 | 14.73 | 14.40 | 17.29 |
| P/E Ratio (net) (*) | 8.66 | 8.74 | 8.56 | 8.63 | 8.65 | 9.04 | 8.12 |
| Dealings marked | 7,344 | 6,004 | 7,298 | 5,711 | 6,591 | 7,062 | 5,462 |
| Equity turnover £m. | — | 130.06 | 401.16 | 94.60 | 126.58 | 118.96 | 62.06 |
| Equity bargains total | — | 22,567 | 27,166 | 22,379 | 21,330 | 22,647 | 14,754 |

10 am 522.2. 11 am 521.7. Noon 519.9. 1 pm 518.2. 2 pm 517.7. 3 pm 516.0.

Latest index 01-246 8026.

*Nil=8.33.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

## HIGHS AND LOWS

| | 1978/9 High | 1978/9 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt Secs. | 78.58 (6/1/78) | 64.64 (3/2/78) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 81.27 (6/1/78) | 68.77 (12/2/79) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 535.5 (14/9/78) | 433.4 (2/3/78) | 549.2 (14/9/77) | 49.4 (26/6/40) |
| Gold Mines | 206.8 (14/8/78) | 134.1 (23/11/78) | 442.3 (22/5/75) | 43.5 (26/10/71) |
| Gold Mines (Ex-$ pm) | 152.3 (14/8/78) | 90.5 (18/4/78) | 337.1 (3/4/74) | 54.3 (26/6/76) |

## S.E. ACTIVITY

| | March 22 | March 21 |
|---|---|---|
| —Daily | | |
| Gilt Edged | 241.9 | 154.3 |
| Industrials | 278.1 | 220.1 |
| Speculative | 38.6 | 34.8 |
| Totals | 167.2 | 136.7 |
| 5-d'y Av'r'ge | | |
| Gilt Edged | 120.6 | 158.1 |
| Industrials | 243.0 | 241.3 |
| Speculative | 40.0 | 40.1 |
| Totals | 150.4 | 149.0 |

## NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978/79.

**NEW HIGHS (165)**

BRITISH FUNDS (1)
BANKS (4)
BEERS (4)
BUILDINGS (12)
CHEMICALS (2)
DRAPERY & STORES (12)
ELECTRICALS (11)
ENGINEERING (14)
FOODS (6)
HOTELS (4)
INDUSTRIALS (31)
INSURANCE (7)
LEISURE (5)
MOTORS (3)
NEWSPAPERS (3)
PAPER & PRINTING (6)
PROPERTY (15)
SHOES (4)
TEXTILES (5)
TRUSTS (10)
OILS (2)
OVERSEAS TRADERS (1)
TEAS (1)
MINES (1)

**NEW LOWS (14)**

BRITISH FUNDS (1)
Treasury Var. '81
AMERICANS (2)
GATX Marion-Simon Inc.
Ingersoll-Rand
BUILDINGS (1)
Jennings
CHEMICALS (1)
Yorks. Chemicals
ELECTRICALS (1)
Motorola
INDUSTRIALS (2)
Borg-Warner Trans. Union
Martin-Black
MOTORS (1)
General Motors
SHIPPING (1)
Ocean Transport
TRUSTS (1)
Mass. Mort. Realty
MINES (1)
Oakbridge

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 5 | 53 | 24 |
| Corpns., Dom. and Foreign Bonds | 2 | 13 | 49 |
| Industrials | 434 | 387 | 777 |
| Financial and Prop. | 163 | 119 | 257 |
| Oils | 5 | 19 | 11 |
| Plantation | 6 | 1 | 16 |
| Mines | 38 | 64 | 48 |
| Recent Issues | 7 | 3 | 18 |
| Totals | 635 | 573 | 1,200 |

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1978-79 high | 1978-79 low |
|---|---|---|---|---|---|---|
| Marks & Spencer | 25p | 13 | 103 | — 2 | 105 | 67½ |
| Shell Transport | 25p | 12 | 700 | — 5 | 716 | 484 |
| Beecham | 25p | 11 | 697 | — 5 | 726 | 581 |
| BP | £1 | 11 | 1,084 | — 8 | 1,120 | 720 |
| EMI | 50p | 11 | 136 | + 6 | 190 | 115 |
| P. & O. Defd. | £1 | 11 | 78 | + 3 | 118 | 70 |
| Tate & Lyle | £1 | 10 | 154 | — | 218 | 133 |
| Barclays Bank | £1 | 9 | 430 | — | 438 | 296 |
| Brown (J.) | £1 | 9 | 535 | +10 | 540 | 217 |
| GEC | 25p | 9 | 385 | + 1 | 385 | 233 |
| HK & Shanghai | $HK2.50 | 9 | 263 | — 1 | 360 | 203 |
| ICI | £1 | 9 | 393 | — 4 | 421 | 328 |
| BAT Inds. | 25p | 8 | 321 | — 1 | 362 | 260 |
| Imperial Group | 25p | 8 | 102 | — 1 | 108 | 71½ |
| Tesco | 5p | 8 | 65½ | + ½ | 66½ | 38 |

## LONDON TRADED OPTIONS

| Option | Ex'rc'se price | April Closing offer | April Vol. | July Closing offer | July Vol. | Oct. Closing offer | Oct. Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 950 | 136 | 1 | 172 | — | 184 | — | 1082p |
| BP | 1050 | 36 | 1 | 104 | 1 | 114 | — | " |
| BP | 1100 | 10 | 20 | 69 | 5 | 82 | 5 | " |
| Com. Union | 140 | 31 | — | 32 | — | 36 | 3 | 171p |
| Com. Union | 160 | 11 | 35 | 14 | 21 | 18 | 8 | " |
| Cons. Gold | 160 | 66 | — | 70 | 20 | — | — | 222p |
| Cons. Gold | 180 | 46 | 3 | 50 | 31 | 51 | — | " |
| Cons. Gold | 200 | 26 | 1 | 35 | 10 | 41 | — | " |
| Cons. Gold | 220 | 10½ | 94 | 22 | 1 | 30 | 35 | " |
| Courtaulds | 110 | 3½ | — | 7 | 20 | 9 | — | 107p |
| Courtaulds | 120 | 1½ | — | 3½ | 75 | 6 | 14 | " |
| GEC | 300 | 89 | — | 100 | — | 109 | 2 | 384p |
| GEC | 330 | 59 | 10 | 72 | 1 | 84 | — | " |
| GEC | 360 | 29 | 15 | 49 | 59 | 65 | 1 | " |
| GEC | 390 | 9½ | 65 | 29 | 17 | 45 | 16 | " |
| Grand Met. | 120 | 22 | 4 | 27½ | — | 31 | — | 141p |
| Grand Met. | 130 | 12½ | 2 | 19 | 35 | 22½ | — | " |
| Grand Met. | 140 | 5½ | 69 | 13½ | 27 | 17 | — | " |
| Grand Met. | 160 | 1 | 96 | 5½ | 3 | 9 | 22 | " |
| ICI | 360 | 37 | 4 | 55 | — | 63 | — | 395p |
| ICI | 390 | 13 | 76 | 31 | 88 | 40 | 21 | " |
| ICI | 420 | 2 | 53 | 14½ | — | 25 | — | " |
| Land Secs | 260 | 28 | 5 | 37 | — | 45 | — | 284p |
| Land Secs | 280 | 12 | 10 | 23 | 19 | 31 | — | " |
| Land Secs | 300 | 4 | — | 13 | 59 | 21 | — | " |
| Marks & Sp | 80 | 25 | 3 | 28 | — | 30 | — | 103p |
| Marks & Sp | 90 | 15 | 43 | 19½ | 5 | 23 | — | " |
| Marks & Sp | 100 | 7 | 110 | 12½ | 86 | 16 | 8 | " |
| Marks & Sp | 110 | 2½ | 12 | 7½ | 69 | 11½ | 57 | " |
| Shell | 600 | 103 | 3 | 123 | 10 | 143 | 10 | 703p |
| Shell | 650 | 63 | 1 | 81 | 2 | 97 | — | " |
| Shell | 700 | 14 | 8 | 47 | — | 63 | — | " |
| Shell | 750 | 5 | 9 | 24 | 14 | 35 | 1 | " |
| Totals | | | 753 | | 678 | | 201 | |
| | | May | | August | | November | | |
| BOC Intl. | 70 | 4½ | 30 | 6½ | — | 10 | — | 71p |
| BOC Intl. | 80 | 1½ | — | 3½ | 4 | 5½ | — | " |
| Boots | 220 | 11 | 2 | 16½ | — | 25 | — | 217p |
| Boots | 240 | 4 | 6 | 9 | — | 15 | — | " |
| EMI | 110 | 30 | 22 | 36 | — | 38 | — | 136p |
| EMI | 120 | 20 | 87 | 26 | 10 | 30 | 12 | " |
| EMI | 130 | 12½ | 35 | 21 | — | 25 | — | " |
| EMI | 140 | 8 | 46 | 15 | — | 20 | 3 | " |
| EMI | 160 | 2½ | 29 | 7 | 24 | — | — | " |
| ImperialGp. | 90 | 16 | — | 19 | 1 | 19½ | — | 102p |
| ImperialGp. | 100 | 7 | 2 | 10 | 42 | 12½ | 10 | " |
| ImperialGp. | 110 | 2 | 22 | 5 | 4 | 6½ | 1 | " |
| RTZ | 240 | 80 | 8 | 85 | — | — | — | 309p |
| RTZ | 260 | 60 | 3 | 68 | — | — | — | " |
| RTZ | 280 | 41 | 63 | 54 | — | 64 | — | " |
| RTZ | 300 | 30 | 31 | 41 | — | 52 | 1 | " |
| RTZ | 330 | 16 | 5 | 25 | 3 | 33 | — | " |
| Totals | | | 391 | | 88 | | 27 | |

## RECENT ISSUES

### EQUITIES

| Issue Price p: | Amount Paid Up | Latest Renunc. Date | 1978/79 High | 1978/79 Low | Stock | Closing Price p: | + or — | Div. P. or Amount | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 195 | F.P. | — | 194 | 150 | ††Appl. Computer | 190 | ...... | 0.7 | 11.0 | 0.6 | 23.4 |
| 65 | F.P. | 20/2 | 173 | 68 | Caledonian Hldgs. | 167 | ... | 67.3 | 1.6 | 6.5 | 14.2 |
| ** | F.P. | 16/2 | 157 | 118 | Hunting Assoc. Defd. | 153 | —4 | — | — | — | — |
| ** | F.P. | 9/2 | 41 | 31 | N.Y. Dart Defd. | 39 | +1 | — | — | — | — |
| 95¶¶ | F.P. | 20/4 | 118 | 97 | Sedgwick F.New10p | 118 | +2 | T5.0 | 2.1 | 6.5 | 11.0 |

## FIXED INTEREST STOCKS

| Issue Price £ | Am'unt Paid up | Latest Renunc. Date | 1978/79 High | 1978/79 Low | Stock | Closing Price £ | + or — |
|---|---|---|---|---|---|---|---|
| ‡ | F.P. | 23/2 | 85p | 53p | Chepstow Race'e 5% Cnv. Uns. Ln. 1988 | 85p | ...... |
| £96 | £20 | — | 20¾ | 19½ | ICFC 12½% Uns Ln 1992 | 20¾ | ...... |
| ** | £10 | 27/7 | 13¾ | 12 | Lee Valley Water 8% Red. Prf. 1986 | 13¾ | ...... |
| †§72½ | — | — | 71 | 70½ | MEPC 6½% Conv. Uns. Ln. 1995-2000 | 71xd | ...... |
| 98 | F.P. | 14/6 | 100½ | 97¼ | Mid-Southern Water 8% Red. Pref 1984 | 100½ | +1 |
| ** | | 9/3 | 103p | 95p | Shaw Carpets 10% 2nd Cum. Pref. £1 | 103p | ...... |

## "RIGHTS OFFERS"

| Issue Price p‡ | Am'unt Paid up | Latest Renunc. Date ● | Latest Renunc. Date ■ | 1978/9 High | 1978/9 Low | Stock | Closing Price p‡ | + or — |
|---|---|---|---|---|---|---|---|---|
| 115 | Nil | 30/3 | 20/4 | 41pm | 32pm | Brammer (H.) | 38pm | ...... |
| 60 | F.P. | 6/3 | 27/4 | 86 | 66 | Burco Dean | 80 | ...... |
| 88 | Nil | 30/3 | 27/4 | 29pm | 21pm | Cement-Roadstone | 21pm | ...... |
| 220 | F.P. | 14/2 | 6/4 | 292 | 238 | Haslemere Estates | 286 | —2 |
| 33 | F.P. | 23/3 | 4/5 | 43 | 38 | Hirst & Mallinson | 43 | +3 |
| 185 | F.P. | 23/3 | 18/5 | 225 | 210 | Johnson Matthey | 225 | ...... |
| 67 | F.P. | 7/3 | 20/4 | 109 | 74½ | Macpherson (D.) | 105 | —4 |
| 58 | F.P. | 26/2 | 26/3 | 67 | 60 | Montfort | 65 | —2 |
| 225 | F.P. | 12/3 | 20/4 | 286 | 232 | Rank Org. | 284 | +4 |
| 59 | F.P. | 23/3 | 19/5 | 79 | 73 | Redman Heenan | 77 | ...... |
| 27 | F.P. | 14/3 | 25/4 | 37 | 35 | Sekers Intl. | 35½ | ...... |
| 315 | F.P. | 12/3 | 2/4 | 386 | 243 | Taylor Woodrow | 378 | +2 |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. u Assumed dividend and yield. a Forecast dividend, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. † Cum dividend. †† Unlisted security.

## APPOINTMENTS

# Imperial Group Board changes

Mr. M. A. Anson has been appointed deputy chairman of IMPERIAL GROUP. Since 1978 he has been group deputy chief executive and before that he was assistant managing director of Imperial Tobacco. Mr. P. M. Davies has relinquished his post of group secretary and has been appointed director of group development. He will also be responsible for group head office matters. Mr. J. D. Smith succeeds Mr. Davies as group secretary. He was previously deputy secretary.

★

Mr. Michael Morris is the new director of the POST OFFICE'S External Telecommunications Executive, responsible for providing and operating the country's international and maritime telecommunications services. He succeeds Mr. Gordon Pocock, who is now director of telecommunications marketing and who will be shortly taking up a new appointment as director, customer products and services, telecommunications headquarters.

★

Mr. E. J. W. Bellmuth has retired as chairman of WALLACE BROTHERS BANK and has been succeeded by Mr. A. E. Ely, a general manager of Standard Chartered Bank. Mr. D. Fryer has been appointed a director of the bank.

★

Mr. G. R. Loug has joined the board of HENRY SYKES as group marketing director.

★

Mr. Victor Reyter, formerly with Banque De Suez-Luxembourg, has been appointed to the Board of EUROSEAS SECURITIES, London, as an executive director in place of Mr. Alastair A. Troup, who is leaving to take up an appointment abroad.

★

Mr. A. Rintoul, chairman, Trustee Savings Banks Central Board, has been appointed chairman of CENTRAL TRUSTEE SAVINGS BANK in succession to Mr. F. E. Kean, who has retired. Mr. S. D. Burnett, formerly director and general manager, domestic banking division of National Westminster Bank, has been appointed to the Board of the Central Trustee Savings Bank.

★

Mr. David Stevely has been appointed financial director of VOLVO CONCESSIONAIRES. Mr. Mike Taylor, becomes marketing director. Mr. Lionel Squire, director, dealer services, and Mr. John Taylor, director, car operations. The company is a member of the Lex Service Group.

★

Mr. Anthony Stephenson and Mr. Michael Forster have joined CROUCH DEVELOPMENTS as directors.

★

Mr. A. M. Horsfield has become technical director of WELDING RODS, a member of the RTZ Group.

★

Mr. David N. Grounds has been appointed general manager of the civil engineering division and elected to the board of CLUGSTON CONSTRUCTION. Mr. Colin Davies, commercial manager of the building division, has also been elected to the board.

★

Mr. Fergus McDonald, who has retired after more than 40 years with the electric supply industry, including 26 years with Alcan, has joined the board of DULMISON (UK) at Corby, Northants. During his time with Alcan he became a world authority on the design and application of aluminium conductors and accessories.

★

Mr. J. J. Hateley has been appointed finance director of IMI ROD AND WIRE, Birmingham.

★

Mr. Frank Barrie Briggs has been appointed group administrative and financial director of RAINE ENGINEERING INDUSTRIES.

★

Following the recent merger of Dr. Beck and Co. and Glasurit (GB) to form GLASURIT BECK Mr. R. Kemp has retired from the board of the new company.

★

Mr. C. J. Michael Walker has been appointed assistant group secretary of DOWTY GROUP and executive director and secretary of Dowty Group Services.

★

Mr. Keith Wickenden, chairman of European Ferries, has accepted the invitation of the INSTITUTE OF FREIGHT FORWARDERS to be nominated as president of the institute for 1979-80. He will be succeeding Mr. Ross Stainton, deputy chairman and chief executive of British Airways. Mr. Wickenden will be formally elected by the Council of the Institute on April 25.

★

Mr. H. A. Stobbs is retiring from the partnership of stockbrokers McANALLY, MONTGOMERY AND CO. on April 20. Mr. Peter Ensor succeeds him as senior partner. Mr. Stobbs will remain as a consultant to the firm.

★

Mr. T. J. Robinson has been appointed a director of HALVANON INSURANCE COMPANY.

★

Mr. K. J. Dare becomes manager and underwriter of ROYAL REINSURANCE COMPANY and assistant group reinsurance manager on April 1.

★

The PRS GROUP has made the following main board appointments: Mr. K. Watson, director of planning research and systems, in charge of the industrial engine division. Mr. L. C. P. Liyanage, finance director and company secretary of planning research and systems. Mr. Liyanage is also appointed director and company secretary of the following subsidiary companies: PRS Management Consultants (Dublin); Economic Associates; and Economic Associates Overseas.

★

Mr. Brian A. Murphy has been appointed to the board of EVERTAUT INTERNATIONAL, a member of the Harris and Sheldon Group. He will be responsible for sales and marketing.

★

DEWEY WARREN AND COMPANY, Lloyd's insurance brokers, has appointed Mr. C. P. Bedford, Mr. B. Green and Mr. M. P. Perry to the Board. Mr. S. A. Goodman and Mr. F. S. Marshall have been made executive directors.

★

Officers re-elected at the 40th annual meeting of the MECHANICAL HANDLING ENGINEERS' ASSOCIATION were: president, Mr. Clive G. Wildsmith (Ewart Chainbelt Co.); first vice-president, Mr. R. Oliver Fyson (C. J. R. Fyson and Son); second vice-president, Mr. Peter A. Denning (Strachan and Henshaw).



# FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Thur., March 22, 1979 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 33%) | Est. P/E Ratio (Net) | Wed., Mar. 21 Index No. | Tues., Mar. 20 Index No. | Mon., Mar. 19 Index No. | Fri., Mar. 16 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (172) | 260.06 | +0.3 | 15.67 | 5.18 | 8.66 | 259.22 | 255.61 | 257.11 | 257.39 | 201.08 |
| 2 | Building Materials (27) | 241.26 | +0.5 | 16.03 | 5.54 | 8.51 | 240.11 | 237.72 | 238.26 | 239.07 | 181.22 |
| 3 | Contracting, Construction (28) | 392.47 | +0.4 | 19.90 | 5.20 | 7.00 | 390.92 | 388.19 | 389.06 | 389.10 | 318.32 |
| 4 | Electricals (14) | 619.80 | +0.2 | 12.45 | 3.06 | 11.02 | 618.66 | 604.21 | 610.95 | 613.77 | 426.12 |
| 5 | Engineering Contractors (12) | 401.21 | +0.6 | 16.86 | 5.65 | 8.02 | 398.78 | 396.96 | 397.86 | 396.44 | 284.44 |
| 6 | Mechanical Engineering (75) | 197.13 | +0.4 | 16.94 | 5.71 | 7.87 | 196.37 | 194.12 | 194.91 | 194.44 | 160.34 |
| 8 | Metals and Metal Forming (16) | 172.88 | +0.1 | 16.15 | 8.48 | 8.30 | 172.76 | 170.62 | 171.90 | 171.90 | 161.53 |
| 11 | CONSUMER GOODS (DURABLE) (53) | 235.25 | +0.1 | 15.25 | 4.59 | 8.75 | 235.00 | 233.38 | 233.28 | 233.35 | 184.21 |
| 12 | Lt. Electronics, Radio, TV (16) | 314.89 | +0.1 | 12.31 | 3.35 | 11.40 | 314.49 | 312.33 | 311.86 | 311.81 | 219.54 |
| 13 | Household Goods (12) | 171.48 | +0.6 | 17.30 | 6.38 | 7.99 | 170.52 | 170.99 | 169.53 | 166.83 | 166.19 |
| 14 | Motors and Distributors (25) | 124.19 | — | 20.93 | 6.79 | 5.98 | 124.24 | 123.12 | 123.56 | 124.15 | 114.27 |
| 21 | CONSUMER GOODS (NON-DURABLE) (170) | 240.75 | — | 14.58 | 5.41 | 8.99 | 240.86 | 238.63 | 241.60 | 242.03 | 194.11 |
| 22 | Breweries (14) | 255.80 | +1.3 | 14.93 | 5.88 | 8.50 | 252.61 | 252.41 | 255.52 | 255.55 | 227.61 |
| 23 | Wines and Spirits (6) | 337.63 | −1.1 | 13.86 | 4.43 | 10.53 | 341.25 | 342.22 | 347.71 | 347.05 | 250.77 |
| 24 | Entertainment, Catering (17) | 323.03 | +0.5 | 13.78 | 5.90 | 9.61 | 321.58 | 316.55 | 318.48 | 318.45 | 245.16 |
| 25 | Food Manufacturing (19) | 221.60 | −0.5 | 17.23 | 5.04 | 7.59 | 222.65 | 220.26 | 221.90 | 222.14 | 183.77 |
| 26 | Food Retailing (15) | 285.57 | +0.4 | 11.33 | 4.13 | 11.99 | 284.39 | 283.29 | 282.78 | 283.41 | 190.35 |
| 32 | Newspapers, Publishing (12) | 433.60 | +1.7 | 18.91 | 5.75 | 7.50 | 426.42 | 425.19 | 426.66 | 426.01 | 327.47 |
| 33 | Packaging and Paper (15) | 145.48 | +1.2 | 17.40 | 7.21 | 7.50 | 143.80 | 144.66 | 146.50 | 147.12 | 125.84 |
| 34 | Stores (40) | 233.01 | −0.4 | 10.51 | 4.09 | 13.62 | 233.96 | 229.48 | 231.11 | 231.86 | 181.87 |
| 35 | Textiles (23) | 182.16 | −0.6 | 17.78 | 8.36 | 7.30 | 183.23 | 182.77 | 183.71 | 183.87 | 167.86 |
| 36 | Tobaccos (3) | 271.12 | −0.5 | 21.01 | 7.59 | 5.47 | 272.50 | 270.92 | 285.09 | 286.06 | 232.29 |
| 37 | Toys and Games (6) | 93.09 | +0.2 | 23.83 | 6.98 | 4.95 | 92.91 | 92.78 | 93.07 | 92.97 | 101.04 |
| 41 | OTHER GROUPS (99) | 219.24 | +0.1 | 14.57 | 5.80 | 8.54 | 219.13 | 216.02 | 217.89 | 218.08 | 184.11 |
| 42 | Chemicals (18) | 306.48 | −0.4 | 16.39 | 6.40 | 7.14 | 307.74 | 301.33 | 304.91 | 306.01 | 255.58 |
| 43 | Pharmaceutical Products (7) | 271.52 | −0.6 | 10.23 | 4.31 | 11.86 | 273.19 | 267.56 | 269.72 | 270.32 | 240.10 |
| 44 | Office Equipment (6) | 145.52 | +1.0 | 13.89 | 5.59 | 9.07 | 144.15 | 144.43 | 145.53 | 146.08 | 124.65 |
| 45 | Shipping (10) | 429.51 | +0.4 | 14.08 | 7.08 | 9.01 | 427.79 | 425.97 | 430.09 | 425.68 | 434.91 |
| 46 | Miscellaneous (58) | 244.24 | +0.6 | 15.68 | 5.94 | 8.50 | 242.67 | 240.44 | 241.88 | 241.58 | 192.17 |
| 49 | INDUSTRIAL GROUP (494) | 247.54 | +0.1 | 14.90 | 5.39 | 8.77 | 247.34 | 244.51 | 246.69 | 247.01 | 199.17 |
| 51 | Oils (6) | 614.77 | −0.7 | 12.81 | 3.53 | 8.29 | 618.88 | 616.80 | 625.02 | 626.60 | 454.16 |
| 59 | 500 SHARE INDEX | 277.70 | — | 14.56 | 5.08 | 8.69 | 277.81 | 275.00 | 277.66 | 278.07 | 220.42 |
| 61 | FINANCIAL GROUP (115) | 196.61 | −0.2 | — | 5.14 | — | 197.01 | 194.93 | 196.50 | 197.50 | 165.29 |
| 62 | Banks (6) | 229.00 | −0.9 | 28.92 | 5.27 | 4.50 | 231.09 | 227.82 | 231.16 | 232.67 | 185.67 |
| 63 | Discount Houses (10) | 243.57 | +1.3 | — | 7.58 | — | 240.49 | 240.78 | 241.00 | 241.00 | 197.58 |
| 64 | Hire Purchase (5) | 176.24 | +0.4 | 18.20 | 5.01 | 7.06 | 175.58 | 176.60 | 177.06 | 177.98 | 153.72 |
| 65 | Insurance (Life) (10) | 154.39 | +0.7 | — | 6.13 | — | 153.39 | 152.28 | 152.85 | 152.89 | 140.15 |
| 66 | Insurance (Composite) (7) | 142.37 | −0.5 | — | 6.51 | — | 143.15 | 140.85 | 141.81 | 142.95 | 130.02 |
| 67 | Insurance Brokers (10) | 342.55 | +0.2 | 14.50 | 5.65 | 9.87 | 341.75 | 337.19 | 338.89 | 340.82 | 339.55 |
| 68 | Merchant Banks (14) | 92.20 | +0.2 | — | 5.63 | — | 92.05 | 93.16 | 93.88 | 94.06 | 76.73 |
| 69 | Property (43) | 332.88 | +0.4 | 3.33 | 2.45 | 47.56 | 331.60 | 328.12 | 329.49 | 330.82 | 236.04 |
| 70 | Miscellaneous (10) | 120.48 | −0.6 | 18.75 | 6.59 | 6.64 | 121.17 | 122.14 | 124.14 | 123.65 | 104.39 |
| 71 | Investment Trusts (111) | 228.93 | −0.3 | — | 4.79 | — | 229.64 | 231.31 | 232.49 | 232.27 | 185.02 |
| 81 | Mining Finance (4) | 131.87 | +1.5 | 14.25 | 5.48 | 8.64 | 129.93 | 128.97 | 131.13 | 130.01 | 89.28 |
| 91 | Overseas Traders (20) | 368.36 | +0.1 | 13.57 | 6.84 | 9.36 | 367.83 | 367.75 | 369.78 | 363.32 | 278.37 |
| 99 | ALL-SHARE INDEX (750) | 255.86 | — | — | 5.12 | — | 255.99 | 253.72 | 256.04 | 256.38 | 204.49 |

## FIXED INTEREST PRICE INDICES

| | British Government | Thur., Mar. 22 | Day's change % | xd adj. today | xd adj. 1979 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | 106.57 | +0.03 | — | 1.87 |
| 2 | 5-15 years | 118.23 | −0.50 | — | 2.29 |
| 3 | Over 15 years | 125.01 | −0.47 | — | 2.26 |
| 4 | Irredeemables | 132.35 | −0.31 | — | 2.79 |
| 5 | All stocks | 115.20 | −0.27 | — | 1.91 |

## FIXED INTEREST YIELDS

| | Br. Govt. Av. Gross Red. | | Thur., Mar. 22 | Wed., Mar. 21 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 9.58 | 8.91 | 7.68 |
| 2 | | 15 years | 10.69 | 10.51 | 9.96 |
| 3 | | 25 years | 11.43 | 11.36 | 10.48 |
| 4 | Medium Coupons | 5 years | 11.15 | 11.24 | 9.72 |
| 5 | | 15 years | 12.17 | 11.94 | 11.02 |
| 6 | | 25 years | 12.37 | 12.11 | 11.09 |
| 7 | High Coupons | 5 years | 11.72 | 11.66 | 9.99 |
| 8 | | 15 years | 12.50 | 12.36 | 11.43 |
| 9 | | 25 years | 12.64 | 12.54 | 11.47 |
| 10 | Irredeemables | | 11.18 | 11.14 | 10.32 |

| | | Thurs. Mar. 22 Index | Yield % | Wed. Mar. 21 | Tues. Mar. 20 | Mon. Mar. 19 | Fri. Mar. 16 | Thurs. Mar. 15 | Wed. Mar. 14 | Tues. Mar. 13 | Year ago (approx.) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb & Loans (15) | 56.46 | 13.15 | 56.43 | 56.46 | 56.44 | 56.33 | 56.33 | 54.67 | 54.68 | 61.08 |
| 16 | Investment Trust Prefs. (15) | 50.16 | 14.01 | 50.16 | 50.16 | 50.16 | 50.16 | 50.16 | 50.44 | 50.59 | 55.46 |
| 17 | Coml. and Indl. Prefs. (20) | 71.18 | 13.23 | 71.18 | 71.18 | 71.27 | 71.01 | 71.16 | 71.08 | 70.77 | 74.28 |

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

# AUTHORISED UNIT TRUSTS

**Friends' Provdt. Unit Tr. Mgrs.♥**
Pixham End, Dorking. 0306 5055

| | | | | |
|---|---|---|---|---|
| Friends Prov. Uts. | 49.4 | 52.8 | +0.8 | 4.12 |
| Do. Accum. | 65.1 | 69.6 | +1.0 | 4.12 |

**Funds in Court***
Public Trustee, Kingsway, WC2. 01-405 4300

| | | | | |
|---|---|---|---|---|
| Capital March 15 | 110.7 | 134.0 | — | 4.39 |
| Gross Income Mar. 15 | 82.3 | 83.7 | — | 8.60 |
| High Yield March 15 | 91.1 | 93.3 | — | 8.48 |

*Unauth. Restricted to monies under Court control.

**G.T. Unit Managers Ltd.♥**
16 Finsbury Circus, EC2M 7DD 01-628 8131

| | | | | |
|---|---|---|---|---|
| G.T. Cap. Inc. | 101.5 | 107.9 | — | 2.80 |
| Do. Acc. | 124.5 | 132.4 | — | 2.80 |
| G.T. Inc. Fd. Un. | 176.3 | 187.5 | — | 8.00 |
| G.T. U.S. & Gen. | 127.0 | 135.1 | — | 3.00 |
| G.T. Japan & Gen. | 86.2 | 91.2 | — | 2.00 |
| ♦G.T. Pens.Ex.Fd. | 201.9 | 211.9 | — | 2.90 |
| G.T. Int'l. Fund | 152.9 | 162.6 | — | 1.70 |
| G.T. Four Yds. Fd. | 60.3 | 64.1 | — | 7.93 |
| G.T. Far East & Gen. | 46.1 | 49.5 | — | 2.00 |

**G. & A. Trust (a)(g)**
5 Rayleigh Road, Brentwood (0277) 227300

| | | | | |
|---|---|---|---|---|
| G. & A. | 37.9 | 40.5 | +0.4 | 4.54 |

**Gartmore Fund Managers♥ (a)(g)**
2 St. Mary Axe, EC3A 8BP 01-283 3531

| | | | | |
|---|---|---|---|---|
| American Tst. | 24.6 | 26.5 | −0.3 | 0.22 |
| British Tst. (Acc.) | 64.6 | 69.5 | +1.0 | 3.57 |
| Commodity Share | 175.5 | 188.8 | −1.3 | 3.57 |
| Extra Income Tst. | 27.0 | 29.0 | +0.2 | 7.83 |
| Far East Trust | 35.2 | 37.8 | −0.5 | 0.24 |
| High Income Tst. | 64.3 | 69.2 | +0.6 | 8.73 |
| Income Fund | 83.3 | 89.6 | +0.7 | 6.43 |
| Ins. Agencies | £15.40 | 16.28 | +0.07 | 3.88 |
| Intl. Exempt Fd. | 99.2 | 107.3 | +1.3 | 6.47 |
| Intl. Tst. (Acc.) | 31.6 | 34.0 | −0.7 | 0.64 |

**Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)**
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

# INSURANCE AND PROPERTY BONDS

# OFFSHORE AND OVERSEAS FUNDS

**World Wide Growth Management♦**
10a, Boulevard Royal, Luxembourg

| | | | | |
|---|---|---|---|---|
| Worldwide Gth Fd | US$16.89 | | −0.02 | — |

**Wren Commodity Trust**
10, St. George's St., Douglas IoM 0624 25015

| | | | | |
|---|---|---|---|---|
| Wren Commod. Tst. | 103.0 | 103.9 | ..... | — |

## NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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## LOANS

### Public Board and Ind.

### Financial

## FOREIGN BONDS & RAILS

| 1978-79 High | Low | Stock | Price £ | + or — | Div. % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 24 | 17 | Antofagasta Rly... | 22 | ...... | — | — |
| 41 | 33 | Do. 5pc Pref...... | 40 | ...... | — | — |
| 98 | 98 | Chilean Mixed...... | 98 | ...... | — | 13.10 |

## BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

S.E. List Premium 29¼% (based on US$2.0320 per £)
Conversion factor 0.7748 (0.7625)

## CANADIANS

S.E. List Premium 29¼% (based on $2.3732 per £)

## BANKS AND HIRE PURCHASE

| 1978-79 High | Low | Stock | Price | + or — | Div. Net | Cvr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 83½ | 58 | F. C. Finance.... | 85 | +2 | †2.05 | 2.8 | 3.8 | 15.9 |
| 8¼ | 1¼ | First Nat. 10p.... | 7¼ | ...... | — | — | — | 0.5 |
| 3 | ½ | Do. Wrrts. 75-83 | 2¾ | ...... | — | — | — | — |
| 16 | 9½ | Fraser Ans. 10p | 15¾ | ...... | — | — | — | — |
| 222 | 157 | Gerrard Natnl.... | 220 | ...... | q9.12 | — | 6.2 | — |
| 62 | 37 | Gibbs (A.)........ | 57 | ...... | 2.23 | — | 5.8 | — |
| 255 | 195 | Gillett Bros. £1. | 245 | +2 | 16.95 | — | 10.3 | — |
| 29 | 19 | Goode D't Mry.5p | 25xd | ...... | 0.25 | — | 1.5 | — |
| 142 | 96 | Grindlays......... | 125xd | ...... | 3.07 | 7.5 | 3.7 | 3.9 |
| 130 | 93 | Guinness Peat... | 105 | −3 | H5.67 | — | 8.1 | — |
| 235 | 155 | Hambros.......... | 226 | −3 | †9.76 | — | 6.4 | — |
| 105 | 78 | Hill Samuel...... | 102 | +1 | †4.97 | — | 7.3 | — |
| 600 | 40 | Do. Warrants.. | 230 | ...... | — | — | — | — |

## BANKS & HP—Continued

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هكذا من الأصل

## )USTRIALS—Continued

| Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|
| Hawkins & Tipson | 67 | ...... | 4.46 | 2.4 | 9.9 | 5.0 |
| Hawtin 5p | 18¾ | ...... | — | — | — | 19.0 |
| Hay (Norman) 10p | 65 | +2 | †3.05 | 2.1 | 7.0 | 10.1 |
| Hay's Wharf £1 | 159 | −3 | 5.52 | 2.7 | 5.2 | 9.5 |
| Hensher 'A' 10p | 40 | ...... | d1.1 | 5.3 | 2.7 | 6.9 |
| Hepworth Crmc. | 99½ | +3 | 3.68 | q3.7 | 5.6 | 6.3 |
| Hestair | 64 | +1 | t6.99 | 3.1 | 16.3 | (2.5) |
| Hewitt (J.) 5p | 28 | +2 | 1.05 | 4.3 | 5.6 | 6.4 |
| Highgate & Job 50p | 51 | ...... | ‡2.54 | 2.4 | ‡ | 8.5 |
| Hill (Chas.) £1 | 90 | ...... | ‡7.37 | — | ‡ | — |
| Hirst Mal'son 20p | 48xd | ...... | t2.6 | 3.6 | 9.7 | 4.1 |
| Holden (A.) | 82 | ...... | g3.62 | 3.9 | 6.6 | 6.5 |
| Hollis Bros. | 70 | −1 | †4.56 | 1.8 | 9.7 | 8.5 |
| Holt Lloyd Int. 10p | 178 | +4 | †7.11 | 2.0 | 6.0 | 12.9 |
| Hoover 'A' | 193xd | +6 | 12.0 | ϕ | 9.3 | ϕ |
| Hoskins & H 20p | 140 | ...... | M10.39 | 2.0 | 11.1 | 11.9 |
| Howard Tenens | 29½ | −½ | 1.91 | 1.9 | 9.7 | 6.8 |
| Hunting Assoc. | 202 | +2 | †h1.99 | 9.2 | 1.5 | 11.1 |
| Huntleigh 10p | 83 | +2 | †h0.68 | 7.0 | 1.2 | 17.7 |
| Hutch Whamp $HK1 | 53 | ...... | †Q20c | 2.3 | 4.5 | 10.9 |
| Hyman (I. & J.) 5p | 32 | +½ | h0.97 | 3.9 | 4.5 | 8.7 |
| ††IAS Cargo Air | 98 | ...... | Pd2.8 | 2.5 | 4.3 | (10.9) |
| Do. 6% Cnv. Pref. | 144 | ...... | 6.0% | 11.2 | 6.2 | — |
| I.C. Industries$1 | £16⅛ | −⅛ | Q51.52 | — | 4.7 | — |
| ICL £1 | 500 | ...... | 8.29 | 7.4 | 2.5 | 5.9 |
| Imp. Cont. Gas £1 | 420 | +8 | g9.96 | 3.3 | 3.5 | 9.9 |
| Ingall Inds. 10p | 31 | ...... | 1.87 | 1.6 | 9.0 | 10.3 |
| Initial Services | 134 | +2 | ϕ5.06 | 2.8 | 5.6 | 9.0 |
| Inter-City 20p | 22 | ...... | †0.61 | 2.7 | 4.1 | 13.5 |
| Jacksons Bourne | 149 | −1 | t ϕ2.0 | 4.4 | 2.0 | 17.1 |
| James (John) | 48½ | ...... | td2.76 | 2.8 | 8.5 | 4.8 |
| James (M.) Inds. 20p | 16½ | ...... | d1.02 | 1.3 | 9.2 | 12.2 |
| Jardine M. $HK5 | 157 | −11 | KQ71c | 2.3 | 4.9 | 9.0 |
| Jentique | 33 | ...... | †2.22 | 1.4 | 10.1 | 10.3 |
| Johnson & Barnes | 9½ | +½ | — | — | — | — |
| Johnson Clnrs. | 136 | +3 | 5.06 | ϕ | 5.7 | ϕ |
| Johnson Mthy. £1 | 220 | −1 | t8.5 | 3.4 | 5.9 | 11.2 |
| Jourdan (T.) 10p | 42 | ...... | †2.93 | 2.7 | 10.4 | 4.6 |
| Kalamazoo 10p | 53½ | +3 | 2.16 | 1.8 | 6.1 | 13.3 |
| Kelsey Inds. | 165 | +2 | 3.61 | 7.5 | 3.3 | 6.1 |
| Kennedy Sm. 10p | 52 | −2 | H1.77 | 3.1 | 5.1 | 10.5 |
| Kershaw (A.) 5p | £14½ | ...... | 23.25 | 2.0 | 2.4 | (25.0) |
| Klees-E-Ze Hldgs. | 74 | ...... | d4.33 | 2.2 | 8.7 | 7.9 |
| L.C.P. Hlds | 119 | +1 | †4.86 | 2.4 | 6.1 | 8.1 |

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### O.F.S.

### FINANCE

### DIAMOND AND PLATINUM

### CENTRAL AFRICAN



## MINES—Continued

### AUSTRALIAN

| 1978-79 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 15 | 9 | Acmex | 12 | −1 | — | — | — |
| 171 | 64 | Bougainville 50 Toea | 136 | +1 | Q15c | 1.0 | 6.8 |
| 140 | 63 | BH South 50c | 112 | −6 | — | — | — |
| 820 | 150 | Central Pacific | 475 | −25 | — | — | — |
| 336 | 148 | Conzinc Riotinto 50c. | 274 | −4 | ¶Q10c | ϕ | 2.2 |
| 36 | 19 | Cultus Pacific N.L. | 30 | −5 | — | — | — |
| 27 | 9½ | Endeavour 20c | 17 | −1½ | — | — | — |
| 98 | 45 | G.M. Kalgoorlie $1 | 76 | −7 | — | — | — |
| 68 | 18 | Haoma Gold N.L. | 35 | −2 | — | — | — |
| 170 | 81 | Hamptn Areas 5p. | 166 | ...... | ϕt3.55 | 2.0 | 3.2 |
| 55½ | 10 | Metals Ex. 50c | 50 | ...... | — | — | — |
| 275 | 125 | M.I.M. Hldgs. 50c | 233 | +1 | †Q9c | 1.7 | 2.2 |
| 32 | 10 | Minefields Expl. | 15 | ...... | — | — | — |
| 74 | 10 | Mount Lyell 25c | 58 | −4 | — | — | — |
| 43¼ | 11¾ | Newmetal 20c | 20 | ...... | — | — | — |
| 143 | 79 | North B. Hill 50c | 117 | −1 | Q8c | 1.3 | 3.9 |
| 22 | 8½ | Nth. Kalgurli | 17 | −1 | — | — | — |
| 50 | 12 | Nth. West Mining | 33 | −1 | — | — | — |
| 178 | 102 | Oakbridge $A1 | 102 | −8 | Q12c | 1.9 | 6.8 |
| 42 | 10 | Oilmin N. L. | 30 | −2 | — | — | — |
| 121 | 30 | Pacific Copper | 103 | ...... | — | — | — |

### TINS

### COPPER

### MISCELLANEOUS

## GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| $15¾ | $10¼ | Buffels R1 | $13¼ | +⅜ | Q190c | ϕ | 16.5 |
| $11¾ | 830c | East Drie R1 | $11 | +⅛ | Q115c | ϕ | 12.0 |
| 585c | 330c | East Rand Prp. R1 | 445c | +10 | Q10c | — | — |
| $28⅝ | $16½ | F.S. Geduld 50c | $21¼ | +¼ | Q315c | 2.4 | 16.6 |
| $15⅝ | 975c | Pres. Brand 50c | $13⅞ | +½ | Q150c | 3.2 | 12.4 |
| $14⅜ | 900c | St. Helena R1 | $14¼ | +⅜ | Q190c | 1.4 | 15.4 |
| 575c | 313c | Stilfontein 50c | 570c | +5 | Q66c | 2.3 | 13.4 |
| $24 | $16¼ | Vaal Reefs 50c | $23½ | +¼ | Q280c | ϕ | 13.7 |
| $37 | $25 | West Drie R1 | $33½ | +1 | †Q385c | 1.7 | 13.2 |
| $31¼ | $19 | West Hldgs. 50c | $26⅝ | +⅜ | Q415c | 1.4 | 18.1 |
| $13 | 895c | Western Deep R2 | $12 | +¼ | Q147½c | 2.4 | 14.1 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 42

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## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | |
|---|---|---|
| Albany Inv. 20p | 26½ | ...... |
| Ash Spinning | 107 | ...... |
| Bertam | 27 | ...... |
| Bdg'wtr. Est. 50p | 360 | ...... |
| Clover Croft | 28 | ...... |
| Craig & Rose £1 | 970 | ...... |
| Dyson (R. A.) A | 35 | ...... |
| Ellis & McHdy. | 69 | ...... |
| Evered | 27 | +½ |
| Fife Forge | 54xd | ...... |
| Finlay Pkg. 5p | 20½ | ...... |
| Graig Ship £1 | 150 | ...... |
| Higsons Brew. | 82 | +2 |
| Holt (Jos) 25p | 269 | ...... |
| I.O.M. Stm. £1 | 176xc | ...... |
| Pearce (C. H.) | 203 | ...... |
| Peel Mills | 29 | +1 |
| Sheff. Refrshmt | 78 | +1 |
| Sindall (Wm.) | 120 | ...... |

### IRISH

| | | |
|---|---|---|
| Conv. 9% '80/82 | £91⅛ | −⅛ |
| Alliance Gas | 110 | ...... |
| Arnott | 400 | ...... |
| Carroll (P.J.) | 112 | +2 |
| Clondalkin | 94 | −2 |
| Concrete Prods. | 93xc | ...... |
| Heiton (Hldgs.) | 59 | ...... |
| Ins. Corp. | 215 | +35 |
| Irish Ropes | 105 | ...... |
| Jacob | 35 | ...... |
| T.M.G. | 245 | +5 |
| Unidare | 85 | ...... |

## OPTIONS

### 3-month Call Rates

FINANCIAL TIMES

Friday March 23 1979



# Davignon urges EEC electronics initiative

BY REGINALD DALE, EUROPEAN EDITOR

VISCOUNT Etienne Davignon, the European Commission for Industry, called yesterday for a major new EEC initiative to prevent European industry falling under U.S. and Japanese domination in electronics.

Community companies should aim at capturing at least a third of the world electronics market by 1990, he said in London.

This could be achieved by diverting funds from ailing industries to growth sectors, co-ordinating research and development by European companies and opening up the EEC market for electronic goods and services.

Viscount Davignon, who addressed both the Royal Institute of International Affairs and the Financial Times Conference on Tomorrow in World Electronics, stressed that the main thrust of such a programme should come from industry itself. Co-operation at EEC level should be brought about only where necessary.

He said, however, that companies were much more likely to stay clear of Community antitrust provisions if they organised a division of labour openly under the aegis of the Commission. The implementation details of such a specialisation programme could then be adjusted to conform with the Rome Treaty's rules of competition.

Europe was about to miss the bus unless it looked beyond its two present alternative strategies. These were to form joint ventures with American and Japanese companies; or to pursue merely national programmes.

Collaboration with the Americans and Japanese had the short-term advantage of access to both technology and good management, and quite good profitability, Viscount Davignon said.

In the long run it meant that Europe would never get further than playing second or third fiddle, "with all the damage that means in terms of jobs, markets and social benefits."

Concentration on the home market meant wasting public money and scientific talent without succeeding on the world market.

Common EEC standards and open Government procurement policies would help prevent the sort of mistake that European countries had made by competing with different colour-television systems.

Other forms of action should include major EEC-wide pilot programmes, such as an integrated information network linking Community institutions and Governments; a European satellite programme; an immense education and training effort; and a long-term programme to support the European electronic component industry.

If such a programme were to be carried out, people would have to be convinced that innovation did not necessarily mean loss of jobs. He called for a "total campaign" to examine the human, social, educational and political changes that would follow now that "science fiction has become real."

Europe could achieve the necessary economies of scale by operating as one market and exporting from it to third countries.

On the technical side, European industries were masters at adapting new systems to their specific needs, and ICL, Siemens and CII-Honeywell Bull had shown it was possible to make profits through their success with medium and large computers.

Conference report Page 8
Editorial Comment Page 24

# Concern over sea gas flare waste

BY KEVIN DONE, ENERGY CORRESPONDENT

The amount of associated gas flared from offshore oil-fields in the UK sector of the North Sea has jumped to about 700m cubic feet a day in recent weeks.

The Government is deeply concerned at the amount of gas being wasted. It has delayed ordering a swift reduction in flaring, as this would mean cutting oil production at a time when supplies are short on the world market.

It has tightened up its system of giving flaring consents to offshore operators by insisting that companies obtain permission on a monthly basis.

The Department of Energy is monitoring closely and almost daily the amount of gas flared from each field to ensure that a company does not use up all its quota in the first fortnight of each month's production.

This has happened in two recent instances when the oil companies left the Department with no choice other than to allow more flaring or to shut down production.

On both occasions the Department decided to allow production to continue, but tightened its monitoring system.

Last year an average of about 400m cubic feet a day was flared into the atmosphere. This year's rate is almost double because oil production has built up quickly, especially from the Brent Field, which has one of the highest ratios of gas to oil in the North Sea.

Associated gas is produced along with crude oil. Some can be used for power generation on offshore platforms, but the bulk must be re-injected into the field, brought ashore by pipeline, or flared.

The Department of Energy has been pressing all offshore operators to act to conserve associated gas. In the rush to raise oil production fields started producing oil before gas recovery equipment was installed or commissioned.

Shell-Esso's Brent Field, which produces 150,000-200,000 barrels a day of crude oil, accounts for about 350-400m cu ft of gas being flared a day. By comparison, the whole of gas consumption over the year averages about 4,500m cu ft a day.

Shell and Esso have run into several problems with installation of gas compression equipment on the Brent platforms and have been delayed by the recent strike of offshore building workers.

They hope to begin re-injecting gas from the A platform by the end of this month, on the D platform by the end of May and the B platform in the third quarter. The C platform is not yet in production.

BP flares about 110-115m cu ft a day from the Forties Field, and the Occidental group 70m from the Piper and Claymore Fields.

The Government acted once before to shut oil production in order to conserve gas when it forced Shell to close a Brent platform for several months.

If gas recovery programmes on these four fields meet their present targets the Department of Energy hopes that the amount of gas flared this year will be reduced to an annual average of at best 500-600m cu ft a day.

It could order a cut in oil production from some fields later this year if world oil supply problems are eased by growing production from Iran, but such action is unlikely in the next two months.

# THE LEX COLUMN

# Surprise surge in bank lending

It was rather uncharacteristically mischievous of the Bank of England to launch its new-fangled stock just ahead of the publication of some bad money supply figures. These, together with a good dose of political obfuscation, knocked the gilt-edged market on the head, and the new stock now looks unlikely to open at much of a premium, especially as there may be some disaffected sellers about this morning.

Not much more than £100m nominal, out of £800m, appears to be left with the Government Broker. Applications from the jobbers, who could not afford to be short of the stock in case it was oversubscribed, probably did a good deal to push the issue towards full subscription. Nevertheless, a solid funding base reaching into May, as the stock is partly-paid, has been secured, and from the point of view of selling debt the operation was a great success for the Bank. But the tender system, though tried, has not been fundamentally tested.

The particularly disappointing feature of the February money supply figures is that bank lending to the private sector pushed Sterling M3 up by as much as 1.1 per cent despite heavy net sales of Government debt — nearly £1bn in all. In four months Sterling M3 has risen 5 per cent and is now well above the target range of 8 to 12 per cent annual growth. As with January, the February figures were unfavourably influenced by seasonal adjustment, but on any basis the surge in bank lending is worrying.

It may be almost entirely the result of trade distortions — mostly additional stock financing requirements brought about by the haulage strike. If this is the case, there should be a downward adjustment quite soon. But the Bank evidently prefers to take no chances. Yesterday discount houses again found themselves borrowing at the 13 per cent Minimum Lending Rate for seven days; interest rates are not being allowed to fall. Certainly sales of gilt-edged are an inappropriate growth weapon with which to offset a surge in short-term credit.

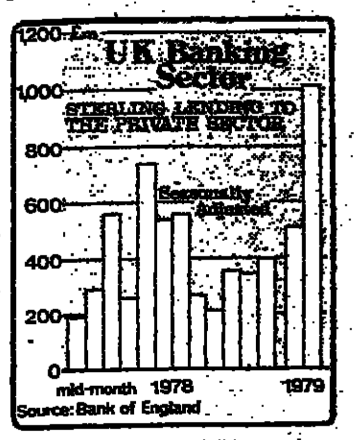
The monetary arithmetic may be difficult, but the parliamentary sums are unfathomable. The stock market had been hoping to be let out of limbo yesterday, but nothing appears to have been resolved.

## Midland Bank

Directors of Standard Chartered Bank alerted by yesterday's call for an increase in Midland Bank's authorised capital, will be relieved to calculate that the value of 30m new shares is only about £120m —a long way short of the £280m or so which is the market value of the 84 per cent of Standard Chartered not owned by Midland. Meanwhile, the auditors Whinney Murray still loyally concur with Midland's treatment of Standard Chartered as an associate in contravention of standard accounting practice.

Whatever happens to Standard Chartered, Midland clearly needs to do something about its international exposure. Its balance sheet is now very strong: since 1975 it has raised £190m of dollar-denominated debt, had two rights issues and sold Bland Payne for cash.

Index fell 1.2 to 514.6




## C. T. Bowring

C. T. Bowring's 1978 pre-tax profits are £4.9m higher at £37.7m which was slightly below market expectations. However, with over 60 per cent of its earnings in overseas currencies, exchange rate movements have taken their toll and could have knocked £3m off the final figure. The shares closed unchanged at 131p where they yield 3.8 per cent and stand on a fully diluted historical multiple of 9.4.

Between 1975 and 1977 profits on the insurance broking side had nearly doubled to £20m but in 1978 they are up by just 7 per cent. Given that premium turnover on the broking side has risen by 17 per cent in 1978 against 12 per cent the previous year, this performance is not spectacular. Like the other big brokers, Bowring's is suffering from a squeeze on rates and overall seems to have done better than Willis Faber and slightly worse than Sedgwick Forbes.

Unlike the others, however, Bowring has important non-insurance interests which account for just under a third of profits. This side of the business increased its contribution by 29 per cent last year. The Bowmaker finance operation had a particularly strong first half and although higher interest rates in the second half hit its profitability (three-quarters of its business is at fixed rate) its overall profits are still up by a quarter thanks to a 40 per cent increase in volume. Trading losses on the shrunken shipping operation have been reduced but ship sale profits are also down. The other bright spot is Singer and Friedlander, where profits are 45 per cent higher — an above average performance for an accepting house.

The current year should see further growth in profits to above £40m but the main interest centres on the link-up with Marsh and McLennan. This is taking longer than expected to implement.

## Philips

Philips has managed to achieve a modest profits rise for the full year after being down at the nine months' stage, though the usual year-end adjustments —and this year some changes in accounting policies — have played a big part. Overall, the group's figures continue to show the impact of rising productivity and a strong currency—Philips translates the 5 per cent sales rise to Fl 32.65bn into a volume gain of 8 per cent. Exchange differences charged to profits are a little lower than in 1977 at Fl 297m and profits after tax are up from Fl 695m to Fl 731m. This compares with a decline from Fl 500m to Fl 450m recorded at the three-quarter stage.

The final quarter of 1977, however, was particularly badly hit by currency charges, and these appear to have been more evenly spread last year. Moreover Fl 30m has been credited to the p and l account "to bring the method of creating provisions more into line with international practice" and Fl 26.8m of goodwill has been capitalised instead of being written off in year one as has been the group's former practice. These two items appear to explain most of the Fl 73m increase in attributable net profit to Fl 707m. Still, the Board is enthusiastic enough to raise the dividend from Fl 1.70 to Fl 1.80 a share, and on earnings of Fl 3.81 a share the p/e is around 8 with the price Fl 23.1 in Amsterdam.

# Prior challenges Tory hard line on unions

BY MICHAEL THOMPSON-NOEL

MR. JAMES PRIOR, Conservative spokesman on employment, said yesterday that the party had lost its grasp of industrial affairs in recent years.

Some Tory MPs last night were interpreting his speech as a veiled attack on Mrs. Margaret Thatcher, the Conservative leader, and her right-wing advisers who have adopted a tough stance towards the unions.

Mr. Prior said the greatest challenge facing the Conservative Party was to demonstrate that it had undergone an education in political thought so that it could recapture its traditional trade union vote.

The Tories had to prove they understood the motives and aspirations of the shop floor as well as those of management, lest they became merely the party of the suburbs.

He hoped the results of the party's re-education on industrial matters would become apparent "in the next few weeks."

Mr. Prior, speaking at the annual conference of the Market Research Society in Brighton, forecast that the public sector would generate the gravest industrial relations problems in the next few years.

The public sector had a rapidly expanding workforce, four competing unions, low-paid workers and considerably re-organised managements that had little experience of tackling the great problems of industrial affairs.

For their own survival, the unions needed to undergo fundamental change if they were efficiently to represent the interests of their members.

Mr. Prior claimed that only 2 per cent of the country's 300,000 shop stewards had had any formal training, that unions were understaffed and under-financed and that their officials were underpaid.

In many sectors, unions had become "bastions of conservatism" in their opposition to new work procedures.

Union rulebooks and objectives had been little altered over 50 years and the movement had failed to negotiate adequate, up-to-date disputes procedures.

The unions' role in the 1980s, said Mr. Prior, was to forget their battles of the past, provide modern and competitive services for their members and ensure their officials were properly trained not only in negotiation but in reading balance sheets and understanding corporate objectives.

The most serious challenge facing management was how to introduce worker participation "throughout the length of the land."

It was not for the Government to lay down precise rules. Rather, it should seek to introduce voluntary codes for the introduction of participatory schemes.

The country needed an "independent data bank." Unions, management, and the Government supplied their own, sometimes conflicting, figures and forecasts with the result that the public was helplessly confused.

"Do we really know what ambulance drivers earn? Do we really know what the miners are paid?" asked Mr. Prior.

# Botha refutes charges

BY QUENTIN PEEL IN JOHANNESBURG

MR. P. W. BOTHA, the South African Prime Minister, yesterday brushed aside a challenge to resign in the face of allegations that he and members of his Cabinet knew of the secret activities of the former Department of Information.

In an unprecedented intervention, Mr. John Vorster, the State President, accused Dr. Eschel Rhoodie, the former Secretary for Information, who is in hiding in Europe, of attempting to destroy the whole South African Government.

Dr. Rhoodie's allegations, and his revelations about the clandestine propaganda operations of his former department, brought bitter condemnation from South African Government leaders, but no hint of an early resignation.

Mr. Botha said he had never denied the existence of secret projects. He had denied that any member of his Cabinet was aware either of irregularities in the Information Department, or of the secret state funding of the pro-government newspaper, The Citizen. He had promised to resign if either of those allegations were proved.

The most vehement response to Dr. Rhoodie's claims came from Senator Owen Horwood, Minister of Finance, who accused him of treason, libellous lies and fraud "on a scale never before experienced in South Africa." He said the Information Secretary himself had been guilty of violating treasury instructions, financial laws and foreign exchange requirements in his operations.

Paralysed by information scandal Page 24

# Weather

**UK TODAY**

MAINLY dry with sunny spells. Isolated wintry showers in the north. Max. 9C (38F).

**London, S.E., E. Anglia, Cent. S. England**

Mist and fog patches early. Mainly dry with sunny spells.

**S. Wales, Channel Isles, S.W. England**

Dry with sunny spells.

**N. Wales, Ulster, N.E. England**

Frost early and late. Isolated wintry showers.

**Scotland**

Wintry showers, some heavy with drifting.

● **Outlook:** Bright intervals and wintry showers over Scotland. Cloudy elsewhere with outbreaks of sleet or snow. Brighter later.

**WORLDWIDE**

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | F | 15 | 59 | Lisbon | R | 13 | 55 |
| Algiers | F | 16 | 61 | Locarno | S | 12 | 54 |
| Amsdm. | C | 7 | 45 | London | F | 7 | 45 |
| Athens | S | 19 | 66 | Luxmbg. | C | 5 | 41 |
| Bahrain | S | 26 | 79 | Madrid | F | 11 | 52 |
| Barclna. | S | 15 | 59 | Majorca | S | 15 | 59 |
| Beirut | S | 21 | 70 | Malaga | S | 16 | 61 |
| Belfast | F | 3 | 37 | Malta | S | 17 | 63 |
| Belgrd. | S | 20 | 68 | M'chstr | Sn | 3 | 37 |
| Berlin | F | 8 | 46 | Melbne. | S | 19 | 66 |
| Biarritz | F | 15 | 59 | Milan | F | 12 | 54 |
| Bmghm. | C | 15 | 41 | Montreal | S | 13 | 55 |
| Blackpl. | F | 4 | 39 | Moscow | Fg | 1 | 34 |
| Bordx. | F | 10 | 50 | Munich | F | 5 | 41 |
| Boulgn. | R | 7 | 45 | Nairobi | S | 24 | 76 |
| Bristol | F | 7 | 45 | Naples | R | 14 | 57 |
| Brussels | F | 7 | 45 | Newcstl. | S | 4 | 39 |
| Budapst. | F | 14 | 57 | N. York | S | 19 | 66 |
| B. Aires | R | 15 | 59 | Nice | S | 14 | 57 |
| Cairo | S | 33 | 91 | Nicosia | F | 22 | 75 |
| Cardiff | F | 7 | 45 | Oporto | C | 12 | 54 |
| Cas'b'ca | S | 18 | 64 | Oslo | C | 1 | 34 |
| Cape T | S | 21 | 70 | Paris | C | 8 | 46 |
| Chicago | C | 11 | 52 | Perth | C | 23 | 73 |
| Cologne | F | 7 | 45 | Prague | F | 9 | 48 |
| Conhgn. | C | 2 | 36 | Reykjvk. | S | −7 | 19 |
| Dublin | S | 4 | 39 | Rhodes | S | 19 | 66 |
| Dbrvnk. | S | 16 | 61 | Rio J'o | S | 30 | 86 |
| Ednbgh. | S | 3 | 37 | Rome | F | 15 | 59 |
| Faro | F | 15 | 59 | Salzbrg. | C | 5 | 41 |
| Florence | F | 11 | 52 | Singapr. | S | 28 | 82 |
| Frankft. | F | 8 | 46 | Stckhlm. | C | 1 | 34 |
| Funchal | F | 19 | 66 | Strasbg. | F | 9 | 48 |
| Geneva | F | 10 | 50 | Sydney | S | 23 | 73 |
| Gibrltr. | S | 16 | 61 | Tangier | S | 17 | 63 |
| Glasgow | C | 4 | 39 | Tehran | S | 16 | 60 |
| G'rnsey | C | 7 | 45 | Tel Aviv | S | 23 | 73 |
| Helsinki | C | 0 | 32 | Tenerife | S | 17 | 63 |
| H. Kong | C | 18 | 64 | Tokyo | S | 12 | 54 |
| Innsbrk. | S | 11 | 52 | Toronto | S | 9 | 48 |
| Invrnss. | Sn | 1 | 34 | Valencia | S | 18 | 64 |
| I of Man | F | 5 | 41 | Venice | R | 8 | 46 |
| Jersey | C | 6 | 43 | Vienna | S | 9 | 48 |
| Jo'burg | C | 23 | 74 | Warsaw | F | 11 | 52 |
| L. Plms. | S | 19 | 66 | Zurich | C | 5 | 41 |

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

# Union officials suspended for defecting to rival

BY CHRISTIAN TYLER, LABOUR EDITOR

A LONG-RUNNING inter-union wrangle at General Accident Fire and Life Assurance, which has caused bitterness within the TUC and been the subject of court action, has broken out again.

At least half the union officials, representing about 2,500 insurance staff there, have been suspended by their union, the Association of Professional, Executive, Clerical and Computer Staff, for defecting to a rival union and urging their members to do likewise.

The rival union, Mr. Clive Jenkins' Association of Scientific, Technical and Managerial Staffs, claimed yesterday that it had recruited all but one of the 12 officials and at least another 500 former APEX members in the past few weeks.

As a result, APEX complained yesterday to the TUC that ASTMS was in breach of TUC rules. Mr. Roy Grantham, its general secretary, said there had been "clear interference in the affairs of another union, not just a bit of casual poaching."

Of the 12 members of the General Accident staff section executive, he said, six were suspended, three had missed a union inquiry into the defections, two had "recanted," and one had never intended to leave. He denied that there was a mass defection from APEX but gave a warning that some or all of those who left could face disciplinary proceedings.

Meanwhile, the row is likely to end up again at the TUC General Council, which has Mr. Jenkins as a member but not Mr. Grantham. Mr. Grantham was voted off the Council some years ago, partly because of unpopularity for contesting a TUC decision that said ASTMS was the right union for General Accident.

After a TUC disputes committee in 1975 had found in favour of ASTMS, the then chairman of the company's staff association (which had been taken over by APEX) went to court. The judge said the TUC's decision was void and the merger could not be unscrambled. The TUC decided not to press its case, but to amend its Bridlington "no-poaching" rules instead.

Last night Mr. Russell Miller, a national officer of ASTMS, said the court's ruling in October, 1975, was no bar to his union's recruitment campaign. "No court in the land can compel anyone to belong to a particular trade union," he said.

ASTMS would continue to recruit at General Accident, where the two unions have parallel negotiating rights and where ASTMS claims to represent 2,250 people. He was confident that the rest would come over.

# Herstatt trial opens today

By Andrew Fisher

EIGHT men go on trial in Cologne today accused of causing the collapse more than five years ago of Herstatt Bank whose losses of over DM 1.2bn (£316m) badly unsettled the banking world and prompted reforms by the West German authorities.

The defendants, including Herr Iwan Herstatt, the former head of the bank, are charged with breach of trust, fraud, foreign exchange manipulation and falsification of accounts.

The trial, which could last for at least 18 months, is one of the most important financial cases ever to be heard in West Germany.

There is some doubt whether Herr Herstatt will be able to attend the trial's opening stages at the Cologne district court because he has been in hospital with a heart complaint.

Another defendant, Herr Dany Dattel, formerly in charge of the bank's foreign exchange operations, is also said to be in poor health. The trial may therefore be adjourned after the formal opening.

All eight men are also accused by the state prosecutor of concealing their alleged knowledge of the bank's impending collapse in June 1974 and failing to report it to the authorities.

# Europe legal move on equal pay

BY MARGARET VAN HATTEM IN BRUSSELS

THE EUROPEAN Commission has opened legal proceedings against seven EEC member states over equal pay and job opportunities for women.

The proceedings, which could end in the European Court of Justice, concern two Community directives on the subject which EEC governments adopted in 1975 and 1976 respectively.

The Commission says the seven governments have failed to implement them fully in their national laws, and is giving them 60 days to explain why.

Should their answers prove unsatisfactory, the matter could later be referred to the court.

The only two countries to escape the Commission's censure are Ireland and Italy, both of which have passed laws fully in accordance with the EEC directives.

Most of the other member States have passed laws on the subject of equal rights for women but, the Commission claims, these contain some large loopholes.

Although pay discrimination is illegal in all EEC countries, Belgium, France and Luxembourg for example, allow their public officials perks such as living allowances and travel vouchers if they are "head of the household." This almost invariably means a man.

The Community directives allow national governments to make certain exceptions: in Britain, for example, the Church, the Army and certain prison jobs are exempted.

Once the directives have been fully implemented in national law—and this is likely to take a long time—the Commission hopes for a spate of legal actions to show that the system is working. So far, court cases against employers on grounds of sex discrimination are rare—though in the UK about 1,500 cases are pending.

Continued from Page 1

# SUITS

Lonrho, which in its evidence to the Monopolies Commission disclosed that it was in the process of negotiating a £50m medium term loan, yesterday announced plans to float a SwFr 40m (£11.6m) 10-year bond issue.



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